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China

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Daily Report

China

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General

'Crucial Point' of GATT Talks Viewed

Part One

HK1612101794 Hong Kong WEN WEI PO in Chinese
14 Dec 94 p A2

[First of four installments of a "special article" by staff reporter Yang Fan (2799 1581) written in Beijing on 13 December: "The Commitments China Has Made for Its Reentry Into GATT—Thoughts at a Crucial Point in the talks on China's Reentry into GATT, Part One"]

[FBIS Translated Text] The talks on China's reentry into GATT have come to the stage of the final countdown, and people throughout the world are awaiting the result. Wu Yi, Chinese minister of foreign trade and economic cooperation, recently said that if China is not allowed to return to GATT, it will call off all the promises it has made in the past eight years for its reentry into GATT. China's attitude has aroused the people's broad attention.

China's Promises May Be Divided Into Three Parts

In order to more accurately understand China's stance, it is necessary to briefly review the efforts and promises China has made over the past eight years for its reentry into GATT. According to the summary made by Yang Fan, a researcher with the Economics Institute of the Chinese Academy of Social Sciences who focused his research on foreign economic activities, China's efforts and promises can be divided into three parts. First, the promises that have been basically fulfilled. According to GATT regulations, the price system of a country should be based on market prices and should not permit planned prices or price subsidies. By the end of 1992, market prices accounted for 90 percent of China's price system; in 1994, China raised the prices of coal and crude oil. Although the prices of coal and crude oil were still lower than international prices, China's conditions were basically in keeping with GATT's requirements.

Second, the promises China is now making efforts to fulfill. This is related to the reform of China's foreign trade and foreign exchange system, and includes the following five aspects:

1) Mandatory export plans have been stopped, and enterprises engaged in the import and export business have been given great decisionmaking power in their foreign trade operation.

2) The system of inviting tenders for the distribution of export quotas has been put into practice on a trial basis. This year, the tender invitation system was adopted for the export quotas on 24 commodities. In the future, the same method will be used for distributing export quotas for 114 commodities.

3) The non-tariff restrictions on imports have been reduced. In early 1994, China stopped issuing import licenses and import quotas for 283 commodities; on 25 May, China again stopped controlling the import of 195 commodities through the issuance of import licenses and quotas. These commodities included the 30 commodities for which import controls were scheduled to be stopped in 1994 according to the Sino-U.S. accord on market access and the 120 commodities from which it was originally planned to lift import controls. At present, only approximately 700 out of more than 6,000 commodities with tariff registration numbers are still subject to certain non-tariff import control measures. China has promised to lift such controls from more than 600 tariff items and has worked out a timetable. It will retain non-tariff control measures for approximately 100 commodities.

Market Promises and Currency Conversion

4) Import duties have been lowered. China has continuously adopted measures to lower the rates of import duties and has promised to lower tariffs which remain above the 40 percent level to a level lower than 35 percent and further lower the tariff rate to 30 percent after its re-entry into GATT.

5) On 1 May this year, China converged the two foreign exchange rate systems and is trying to gradually implement free conversion between the renminbi and foreign currencies.

The third part of China's promises are those China is planning to take measures to fulfill, and they are primarily in the following three areas:

1) Further expand the scope of market access. In various trades, China will reduce administrative control and non-tariff barriers to various degrees and will not restrain foreign-funded enterprises from selling their products in China's domestic market.

2) China has promised to allow foreign companies to enter the banking, insurance, tourist, professional services, maritime shipping, advertising, oil prospecting, and another 29 industries. The number of opened industries is larger than that in many developing countries.

3) China has promised to effect the free conversion of the renminbi by the year 2000.

Not To Call Off All Promises in Actual Practice

Other experts have said that Minister Wu Yi's remarks cannot be simply understood to mean that China intends to call off all the promises it has fulfilled or plans to put into practice as well as all the efforts it has made over the past eight years; instead, this should be interpreted as China's opinion, which maintained that China will not be obliged to honor all these promises if it cannot join GATT by the end of this year and cannot become a founding member of the World Trade Organization on 1 January next year.

Wang Hao, director of the GATT Information Office, told this reporter that a country should satisfy three requirements in order to become a founding member of the World Trade Organization: 1) It should be a signatory of the "Uruguay Round" accord. 2) It should be a member of the trade service organization. 3) It should be a member of GATT by the end of 1994. At present, China has met the first two requirements, but, if it cannot return to GATT, it will still not be able to become a founding member of the World Trade Organization. Then, the satisfaction of the two first requirements will be of no significance, and China have no commitment to honoring those promises.

China Will Continue Its Opening

At the same time, Wang Hao said that people should not overlook the remarks Minister Wu Yi made on another occasion. She said that, if China cannot return to GATT, it will continue its reform and opening up and will continue to converge with international practice. Therefore, in his view, by saying that China will call off the promises it has made in the past eight years for returning to GATT, Minister Wu Yi only meant that the commitment of honoring the promises will no longer exist. As for whether China will still do what it promised to do in the past, this will depend on China's actual needs. China will have to determine whether such activities will be conducive to its reform and opening up, will enable China to converge with international practice, and will be in keeping with the process of China's development.

Part Two

*HK1912101094 Hong Kong WEN WEI PO in Chinese
16 Dec 94 p A2*

[Second of four installments of a "special article" by staff reporter Yang Fan (2799 1581), written in Beijing on 15 December: "Prospects, Pros, and Cons of China's Reentry to GATT—Thoughts at a Crucial Point in the Talks on China's Reentry Into GATT, Part Two"]

[FBIS Translated Text] Beijing, 15 Dec (WEN WEI PO)—At a time when the talks on China's reentry to GATT have reached a deadlock and the outlook is grim, Sun Weiyan, president of the Chinese University of Foreign Economy and Trade, still remains optimistic. He believes that the two sides will make concessions and ultimately reach an agreement on China's reentry into GATT.

Sun Weiyan Rather Upbeat in His Prediction

The senior foreign trade expert, who is also an adviser to the Beijing Municipal Government and to the UN Committee for Transnational Corporations, predicts that the ultimate results of the talks will be that China will enjoy the rights of a developing nation on the whole but will undertake more obligations in certain areas.

Sun Weiyan said: During negotiations, it is quite natural for both parties to set a high price. However, the conditions set by the United States are too harsh. It is

unreasonable to prevent China from enjoying the rights of a developing nation. Naturally, specific problems can be discussed. When developing nations joined GATT in the past, there were problems, which were resolved through consultations. Nevertheless, their status as developing nations remained unchanged.

The prime ministers of the developed nations, including Germany, France, and Canada, have visited China one after another recently, and their main purpose has been to gain access to China's market. The United States, in comparison, has lagged behind in this area, but it is not willing to accept such a fate. Therefore, the United States is trying by every means to get more benefits from the talks. Meanwhile, Professor Sun emphasized, the United States will not be able to accept the consequences of blocking China's reentry into GATT. If China's entry is blocked, U.S. decisionmakers will not be able to ignore the problems arising therefrom: An increase in U.S. unemployment, damage to U.S. investors in China, and a decline in Sino-U.S. trade.

What Should Be Done If China Cannot Join GATT

Naturally, China will incur losses if it cannot join GATT. Its international trade and growth will also be affected. Compared with a small nation, however, there is plenty of room for maneuver and a large scope for development.

Above all, China will enjoy more freedom and will not be restricted by GATT or the World Trade Organization [WTO] if it is outside the organization. Moreover, it can develop according to its own strategies. This is not tantamount to isolating itself from the world. China will vigorously develop ties with other countries and participate in regional organizations. Moreover, if China cannot join GATT, many countries will show their sympathy and will develop bilateral relations with China.

Second, China has a large territory with abundant resources. If it cannot join GATT, the mutual complementary nature of and coordination between the domestic regions also constitute favorable conditions for the country's overall development.

Third, there are many large Sino-foreign enterprises in China which will not withdraw from the country if it fails to join GATT. China can then adopt measures to protect their interests, because foreign investment can boost China's development.

Moreover, Professor Sun said, China's high inflation is related to excessive growth. When the growth slows down as a result of China's failure to join GATT, inflation will drop correspondingly.

China Will Benefit in Five Aspects From its Reentry to GATT

Sun Weiyan stressed that, although China has many conditions which would reduce the negative impact of its

failure to join GATT, the advantages of China's entry to GATT outweigh the disadvantages. China still wants to join GATT.

Sun summarized the five areas which will benefit from China's reentry into GATT:

First, China is now the eleventh largest trading nation in the world, and the volume of its import and export trade exceeded \$200 billion by the end of November 1994. A large country like China must further expand its international trade. Moreover, the service trade, which accounts for only a small proportion of China's trade, is not on a par with that of the developed nations and even of some developing nations. This area must be developed further. Moreover, GATT and the WTO, which is to be set up next year, are multilateral international trade organizations. In addition, the final document of the Uruguay Round of trade talks contained several additions, including sections on intellectual property rights, investment measures, and the service trade. The developing nations may enjoy preferential banking terms within GATT. Hence, China's reentry into GATT will help China expand its international trade, particularly its service trade.

Second, China's economic structural reform is also a process by which it can connect itself with the world. It has been difficult for China to immediately transform the old systems and concepts solely by using internal forces. After joining GATT, the GATT mechanism for the optimal distribution of resources can be used to exert external pressure, smash the old systems and concepts, deepen reform, and link China with the world.

China's Reentry Into GATT Has a Bearing on Hong Kong and Macao

Third, GATT is an international trade agreement as well as a full set of laws governing international market operations. After joining GATT, it will be conducive to China's establishment of a perfect legal system. Some countries have adopted anti-dumping measures toward China's products, either because they practice trade protectionism or because China has imperfect laws.

Fourth, China's reentry to GATT can encourage Chinese enterprises to incorporate the concept of the international market, eliminate indolence amid international competition, and increase their strength.

Fifth, after China's reentry to GATT, the United States' annual discussion of the renewal of China's most-favored-nation status will come to an end.

Moreover, the expert pointed out, if China can join GATT, it will have a far-reaching economic influence and an important political influence, which involves the legal status of Hong Kong and Macao in GATT.

Sun stated that Hong Kong, as an independent GATT region, has already become a GATT contracting party. If

China cannot join GATT before 1997, it will be impossible to explain the legal status of Hong Kong, which is a GATT contracting party. This is also the case for Macao.

Sun is Against Exaggerating the Impact of China's Failure to Join GATT

Sun is against exaggerating the impact of China's failure to join GATT. Two-thirds of the 115 GATT contracting parties are developing nations. Viewed from the experience of the developing nations, their entry into GATT did not shatter their enterprises; conversely, it boosted the technological transformation and development of their enterprises. It is true that the technology of some of China's trades, such as the auto industry, is backward, the costs are high, and they are facing great international competition. Nevertheless, challenges can impel them to upgrade their technological level and reduce production costs. The developing nations can also apply the preferential clauses on protecting their infant industries to support and expand their national industries during the transition period.

Professor Sun said: As China can gain many benefits from its entry into GATT, China has shown the utmost flexibility and has expressed its great patience and sincerity based on safeguarding its fundamental national interests and the rights of a developing nation. The problem is the obstacle to China's reentry into GATT comes from the United States rather than China. The success or failure of China's reentry into GATT depends on how the United States will weigh the pros and cons, judge the hour, and size up the situation.

Part Three

*HK1912104994 Hong Kong WEN WEI PO in Chinese
17 Dec 94 p A2*

[Third of four installments of a "special article" by staff reporter Yang Fan (2799 1581), written in Beijing on 16 December: "China's Reentry Into GATT Is Conducive to Foreign Investors in China—Thoughts at a Crucial Point in the Talks on China's Reentry Into GATT, Part Three"]

[FBIS Translated Text] Some of the voices supporting China's bid to secure its early reentry into GATT and become one of the founding members of the World Trade Organization have come from the foreign businessmen who have invested in China. Liu Yimin, vice chairman of the Chinese Federation of Industrialists and Businessmen and chairman of the Society of Foreign-funded Enterprises in China, has said that foreign investors are hoping for China's early reentry into GATT, because this would enable them to gain the same treatment as Chinese nationals and enable them to compete in the Chinese market by enjoying the same treatment as Chinese enterprises do.

Liu Yimin said: The 3d Plenary Session of the 14th CPC Central Committee explicitly came up with the policy for creating conditions and gradually giving foreign-funded

enterprises the same treatment as Chinese nationals. In order to return to GATT and become a founding member of the World Trade Organization, China will have to actually take steps to treat foreign investors in China as it does its own nationals. The so-called national treatment measures ensure that foreign-funded enterprises in China will enjoy the same treatment as China's domestic enterprises do.

The Opening of the Service Industry

He pointed out: The introduction of foreign investment in the field of the service industry is currently in the experimental stage. For example, in the banking industry, only the special economic zones and a small number of open cities allow foreign banks to set up their branches or permit the establishment of Sino-foreign joint-venture banks, and even those banks can operate only in a limited scope. In the field of commerce, only a small number of big cities allow the opening of foreign-funded supermarkets on a trial basis. He expressed the belief that, after China returns to GATT, the scope and intensity of introducing foreign investment in these fields will be substantially expanded and increased, because China has promised to open 36 industries, including the banking, telecommunications, maritime shipping, insurance, tourist, advertising, and oil prospecting industries. The number of industries opened to foreign investment is larger than that in most developing countries.

In addition, according to China's current regulations, foreign-funded enterprises set up before 31 December 1993 will have to pay value-added taxes for the raw materials they buy in China, and such taxes will not be refunded after the finished products are exported. However, if China becomes a founding member of the World Trade Organization, the pace of export tax refunding will certainly be quickened.

Favorable Policies Will Not Be Reduced

If foreign-funded enterprises enjoy national treatment, will this mean that the favorable policies for them will be lost? Liu Yimin replied: No.

He told this reporter: "National treatment" is a concept commonly used in the international community, and it means that the treatment enjoyed by a foreign-funded enterprise will not be worse than the treatment enjoyed by domestic enterprises; in certain aspects, the former may even be more advantageous than the latter. In general, foreign-funded enterprises will pay the same taxes as domestic enterprises do, but foreign-funded enterprises may enjoy favorable tax terms in certain areas and in certain trades. For example, in the special economic zones, the tax rate for foreign-funded enterprises is 15 percent, but the tax rate for domestic enterprises is 30 percent. After a foreign-funded enterprise begins operations, it may enjoy a two-year tax holiday and may have its income taxes reduced by half over the next three years. This is a favorable term which

domestic enterprises cannot enjoy. There remain certain differences between the national treatment for foreign-funded enterprises and the treatment enjoyed by domestic enterprises.

Mr. Liu stressed: If China becomes a founding member of the World Trade Organization, the continuity and stability of the favorable policies for foreign investors will be kept, as China will continue to encourage foreign businessmen to invest in China. Several southeast Asian countries are also pursuing many favorable policies for foreign investors. If China calls off its favorable policies, foreign investors will simply shift their investment to other countries. Of course, the introduction of foreign investment will also be brought into line with China's industrial policy.

However, there will have to be a timetable for the opening of the service industries to foreign investment, and this is also in keeping with the provisions of the "Uruguay Round" accord. China still lacks experience in these fields. If opening is effected too soon, China's domestic enterprises will not be able to compete with experienced foreign companies. It is necessary to follow a timetable to enable domestic companies adapt themselves to such a competitive environment. If China cannot resume its status in GATT, the process of opening will naturally be delayed.

Full Opening Is Impossible

It should also be pointed out that, even if China joins the World Trade Organization, some sectors, such as the national defense industry, will still not be opened to foreign investment, and this does not go against international practice.

Mr. Liu said that he also saw that a small number of foreign businessmen in China had expressed misgivings about China's reentry into GATT. Some Southeast Asian businessmen produced ordinary mechanical equipment or less competitive commodities in China, and they were worried that China's reentry into GATT might expose their products to competition from the high-quality products of Western countries. Liu Yimin said: Competition certainly exists in a market economy, and the pressure of competition is not a bad thing. He believed that, after China's reentry into GATT, as long as the foreign-funded enterprises in China have the courage to face challenges from their competitors, they will still have the potential and the strength to win in the competition.

Part Four

*HK1912111794 Hong Kong WEN WEI PO in Chinese
18 Dec 94 p A2*

[Fourth and final installment of a "special article" by staff reporter Yang Fan (2799 1581), written in Beijing on 17 December: "The Countermeasures That Will Be Adopted If China Cannot Reenter GATT—Thoughts at

a Crucial Point in the Talks on China's Reentry Into GATT, Fourth and Final Part"]

[FBIS Translated Text] Beijing, 17 Dec (WEN WEI PO)—The Chinese Government has repeatedly said that, while cherishing the highest hopes for participating in the talks on China's reentry into GATT, China has also prepared for the worst: If the worst outcome should come to pass, China will continue carrying out reform and opening up and will continue moving closer to international norms. But these moves will be conducted according to its own timetable. What "preparations," then, will China make? What will its timetable be?

Dr. Wang Zhenzhong, deputy director of the Economic Research Institute under the Chinese Academy of Social Sciences, said: If China fails to reenter GATT, China will deliberately push forward reform and opening up to converge with international standards in accordance with its strength and requirements. In view of China's participation in signing the "Bogor Declaration," in which it is stipulated that the developing countries should achieve their goal of liberalizing trade and investment no later than 2020, then, this can be regarded as a timetable.

The Transition Period for the Protection of Intellectual Property Rights Will Be Prolonged

He said: "The impact of China's failure to reenter GATT will be very serious." China has taken part in the "Uruguay Round" of talks from start to finish and signed the final document of the "Uruguay Round" of talks. If a signatory nation cannot be a founding member of the World Trade Organization [WTO], it will in all likelihood be a scandal in the history of world trade.

In the "Uruguay Round" of talks, three new subjects were addressed (measures for investment related to trade, intellectual property rights, and service trade). These are the relatively conspicuous weaknesses of the developing countries. However, the founding of the WTO will, after all, be conducive to the sound establishment of a multilateral world trade structure and will vigorously eliminate the practices of certain economic powers using their domestic laws to readjust the multilateral world trade system. Therefore, the developing countries are willing to pay this price. If the aim of reentering GATT is achieved, China will make important contributions to the entire world under the framework of these three new subjects. Otherwise, not only will China's pace of converging with the international standards be hindered, but it will be a great loss to the world.

Wang Zhenzhong considered the issue and said: Regarding the measures for investment related to trade, the transition period stipulated in the documents of the "Uruguay Round" of talks is two years for developed countries, five years for developing countries, and seven years for underdeveloped countries. In order to promote direct foreign investment in China, some investment

measures in China should be improved. If China succeeds in reentering GATT, then, China will revise the investment measures which are not in tune with the "Uruguay Round" documents within the transition period. Otherwise, it will not make any commitments during the transition period. If China wants to make any improvements in this area, it will not do it according to this timetable either. Certainly, this will not be a good thing for foreign investors.

As regards the transition period stipulated for the protection of intellectual property rights, it is one year for developed countries, five years for developing countries, and 11 years for underdeveloped countries. There are a number of disputes between China and foreign countries, but China, as a developing country, has signed the "Uruguay Round" documents to make commitment to this issue after only 16 years of reform. This has fully demonstrated China's sincerity and courage. If China is admitted to GATT, it will fulfill its obligations and will establish a complete set of laws and regulations, and the advantages that foreign investors will derive from this are self-evident. If China's accession to GATT is rejected, the transition period will inevitably be longer than the negotiated schedule.

Foreign Investors Will Lose Many Opportunities To Gain Access to China

The service trade is one of China's weak points, but China has made giant advances in importing foreign capital. Take the banking industry as an example. Up to now, there are approximately 100 foreign-invested financial institutions in the 13 open coastal cities, with their total assets reaching \$11 billion and credit amounts for the year exceeding \$6.2 billion. China has promised to open 36 departments and sub-departments to the outside world, which is a large number rarely seen in developing countries. If China is not admitted to GATT, then foreign investors will lose considerable opportunities for gaining access to China.

Deputy Director Wang Zhenzhong quoted Minister Wu Yi as saying: If such conditions emerge, they are not what China wishes to see, and the responsibility will not lie with China.

He pointed out: China's agriculture foundation is weak, but Australia is even demanding an exorbitant price for tariff quotas on agricultural products. The peasants in developed countries such as Japan and the ROK, among others, took to the streets and held demonstrations to protect their own interests, but have the Chinese peasants stirred up any trouble? Is the competitive power of Chinese peasants stronger than that of the peasants in developed countries? Those who repeatedly make various kinds of rigorous demands on China should understand what kind of risks the Chinese Government has been undertaking by participating in the talks as well as the sincerity it has brought to the discussions.

China Has Made Considerable Concessions in Tariffs

Having repeatedly reduced its tariffs, China has also set the ceiling of over 90 percent of its tariffs at or below the

level of 35 percent and has pledged to further reduce them to 30 percent within five years after its accession to GATT. Of the total commodities that are classified under approximately 6,000 tax numbers, only those under approximately 700 tax numbers are restricted by non-tariff measures. China has set a timetable for abolishing approximately 600 tax numbers from this category, and then only a few non-tariff measures will be retained for commodities under no more than 100 tax numbers. Wang Zhenzhong queried: "Among the existing GATT signatory states, who has made such a big concession upon entering GATT?" Never mind the fact that the tariff level in some countries is higher at present than it was when they entered GATT.

The above-mentioned expert said emphatically: Some U.S. political figures have repeatedly expressed their willingness to help China become a market economy. If, in the end, China is not able to reenter GATT, the United States should reexamine its policies toward China, since they have kept China from becoming a market economy.

Wang Zhenzhong continued: Even if the United States and other developed countries succeed in shutting China out of the WTO through their strategic mistakes, they will not stop China from making further strides toward a wider openness. Given the condition that China has not been a member of GATT so far, its foreign trade still has achieved rapid development. The total amount of import and export trade reached \$200 billion by the end of November this year, and it is expected to reach \$210 billion by the end of the year. This momentum of growth is obvious to all. Of course, China will, among other things, move closer to international standards, gradually reduce its overall tariff level, remove non-tariff barriers, readjust the exchange rate level, and improve its procedures for managing the flow of funds in foreign-invested enterprises. This is the general direction of our efforts, but its progress will no longer be subject to the restrictions of any binding force and will depend on our actual strength and requirements.

The Year 2020 Is a Timetable for China in Its Convergence With International Standards

Dr. Wang Zhenzhong called people's attention to the fact that China has joined the Asia-Pacific Economic Cooperation [APEC] organization and has signed the "Bogor Declaration." The declaration provides that both developed and developing countries should achieve trade and investment liberalization no later than 2010 and 2020 respectively. He thinks that the year 2020 can be regarded as a timetable for China to converge with international standards and establish a liberalized trade structure. Of course, as the provisions in the "Bogor Declaration" are not mandatory, the requirement for trade and investment liberalization is relatively lax; furthermore, it is only limited to the 18 members of APEC.

Wang Zhenzhong concluded with an analogy made by Minister Wu Yi: "We are willing to participate in international competition and abide by international rules. But, if China is not allowed to compete according to the international rules, we will join in the competition in our own way and will achieve even greater success."

Beijing Condemns U.S. for 'Suddenly' Ending IPR Talks

*HK1712051094 Hong Kong TA KUNG PAO in Chinese
17 Dec 94 p 2*

[Report: "The United States Suddenly and Unilaterally Ends Talks on Intelligence Property Right With China; Beijing Expresses Disappointment and Condemns the United States as 'a Villain Bringing Suit Against His Victim'"]

[FBIS Translated Text] U.S. officials suddenly and unilaterally ended talks with China on copyright protection being held in Beijing, a Chinese official participating in the talks said in an interview with reporters in Beijing yesterday. He expressed disappointment that the United States had ended the talks, but said that China would still welcome U.S. representatives to resume the talks.

A U.S. senior trade official verified in Hong Kong yesterday that the United States had ended talks on copyright protection with China and warned that the country would face trade sanctions.

The latest round of Sino-U.S. talks on copyright protection began last Monday in Beijing and was scheduled to be held for six days; however, news from the Chinese Ministry of Foreign Trade and Economic Cooperation [MOFTEC] showed that the Chinese side learned on 15 December that the U.S. representatives to the talks had already left Beijing earlier that day.

MOFTEC Minister Wu Yi said that she was very unhappy with the talks' progress when she met U.S. Department of Commerce General Counsel Ginger Lew in Beijing on 15 December.

It has been learned that the U.S. chief representative stated during the recent talks that, should the Chinese side fail to accept the U.S. requirements, talks on China's reentry into GATT might be brought to a conclusion, and the United States would retaliate.

On that point, Wu Yi said: "China will produce its own sanction retaliation list the day the U.S. produces its."

The MOFTEC official participating in the talks expressed disappointment that the U.S. representatives had ended the talks, for the Chinese side had participated in the talks with great sincerity; furthermore, over the past six months or so, China had done voluminous work in augmenting copyright protection.

Regarding the possible trade sanctions against China suggested by the U.S. representative and the linkage of copyright protection to China's reentry into GATT, the

Chinese official believed that such a U.S. practice was unreasonable, because the United States was the one that had left the negotiating table first—this was like “a villain bringing suit against his victim.” Nevertheless, China would continue to make preparations and was ready to resume talks with the United States at any time.

Meanwhile, the U.S. official stated in Hong Kong that the United States had ended talks with China on 15 December on the grounds that Chinese officials had failed to set out any earnest proposals in the talks on patent rights and copyright protection.

He stated that, when the United States and China began talks on protecting U.S. copyrights 18 months before, there were 15 factories in China producing pirated laser discs, but now the number of these factories had increased to 29, including 15 in Guangdong, some of which are publicly owned and funded by investment from Hong Kong businessmen.

He warned that, should China fail to earnestly crack down on copyright violations within two weeks, the United States would implement trade sanctions.

He added that, because copyright protection is a major issue in determining China's reentry into GATT, whether China is able to reenter GATT depends on China's substantial action in this area.

Official Says Demands Over GATT 'Totally Unacceptable'

OW1612171994 Beijing XINHUA in English 1709
GMT 16 Dec 94

[FBIS Transcribed Text] Geneva, December 16 (XINHUA)—A senior Chinese official reiterated here today that the substantive negotiations on China's re-entry into the General Agreement on Tariffs and Trade (GATT) should be concluded by the end of this year.

Gu Yongjiang, Vice-Minister of Foreign Trade and Economic Cooperation, made the remarks at a meeting with GATT Director-General Peter Sutherland Friday [16 December] morning.

Gu, also head of the Chinese delegation for the GATT negotiations, arrived in Geneva Thursday evening to attend a formal meeting of the GATT working party on China slated for December 20.

During his meeting with Sutherland, Gu stressed that after the year-end deadline, which China set on November 28, China will not on its own initiative seek negotiations. Before that, however, China will, as always, engage in serious negotiations with GATT members with great sincerity.

China hopes the talks can lead to an outcome satisfactory to all the participants, he added.

The Chinese official also pointed out that China, while engaged in talks to resume its GATT contracting party

status, has participated in the Uruguay Round of trade negotiations from the beginning to the end and signed the Final Act of the Round in Marrakech last April.

This fact has clearly indicated that the condition for China to join the World Trade Organisation, which will succeed GATT as of the New Year, has been met, Gu said.

He also told Sutherland that some contracting parties had asked too much during their negotiations with China. Those demands were totally unacceptable because their acceptance would not only harm the interest of China, but would also exert an unfavorable influence to the development of world economy and trade from a long-term point of view.

At the meeting, Sutherland told Gu that the parties involved in the talks had made great efforts in the past two weeks of talks, which were “a substantive round of negotiations in real term”.

Noting that China's return to the multilateral trading system is important to all GATT members, Sutherland called on all parties to keep the momentum of the talks and lead them to a successful conclusion.

Also present at Friday's meeting were Yu Xiaosong, Vice-Director of the State Committee of Economy and Trade, and Long Yongtu, China's chief trade negotiator.

U.S. Shows 'Concern' Over Pilots' Fate in DPRK

OW1812124094 Beijing Central People's Radio Network in Mandarin 1030 GMT 18 Dec 94

[From the "National Hookup" program]

[FBIS Translated Text] China Radio International [CRI]: The U.S. Government yesterday expressed concern over the fate of two helicopter pilots downed over the DPRK on the day. In an interview with reporters, White House Chief of Staff Panetta said that the U.S. Government had told Pyongyang of Washington's grave concern with the pilots' situation, and had asked the DPRK to turn them over to Washington. The DPRK side said Pyongyang was interrogating the two U.S. pilots.

Qian Qichen on International Situation

HK1912085394 Beijing RENMIN RIBAO in Chinese
15 Dec 94 p 6

[Report: "China Is an Important Factor for Promoting World Peace and Development—Vice Premier and Foreign Minister Qian Qichen Answers RENMIN RIBAO Reporter's Questions"]

[FBIS Translated Text] [RENMIN RIBAO] 1. Is now the end of the year, and people are all reviewing the international situation of 1994. Could you tell us your general assessment of this year's international situation?

[Qian] The current international situation is still characterized by profound and complicated changes. Generally speaking, the trend of multipolarization is constantly evolving. The development of a series of major and important events, such as the important breakthrough in the Middle East peace process and the historic turnaround in the South Africa situation, and the framework agreement reached between the DPRK and the United States on the nuclear issue after 18 months of tortuous negotiations, proves that the trend of resolving disputes and flashpoint issues through peaceful negotiations has been obviously strengthened. However, we must not fail to see that hegemonism and power politics still exist; armed conflicts and turbulences continue to plague several areas; and there are still unstable and uncertain factors in the world. There is still not peace under heaven.

The economic factor is becoming the most important and key factor in relations between states. With the further development of integration, regionalization, and grouping [ji tuan hua 7162 0957 0553] of the global economy, the degree of interdependence between various countries in economic affairs has been constantly increasing. At the same time, with the sharpening of international economic competition and trade clashes day by day, there are also increasing factors of mutual restraint. In view of the development and changes in the situation, all countries are adjusting their strategies and policies and are relying on the development of the economy, science, and technology in their effort to occupy a favorable position in the new pattern. In the changing international situation, the east Asian region is relatively stable politically. Its economy is continuously growing, and regional cooperation is becoming more and more active with every passing day. Its position and influence in international affairs are being enhanced.

[RENMIN RIBAO] 2. The international community generally believes that economic considerations are having an increasing influence on international relations. What does that actually imply?

[Qian] This can be explained from the following aspects.

First, since the Cold War ended, most countries have shifted their strategic focuses onto economic development. Giving priority to economic development has become an international trend. In a certain sense, the economic sphere has become the main arena of international competition. This is especially true in the competition among various countries centering on the superiority in comprehensive national strength in the 21st century.

Second, all countries are attaching greater importance to direct economic benefits in their international contacts. Some have upgraded the protection of their economic safety as the most important objective of their diplomatic strategies. The influence of economic factors is obviously increasing in relations between states. To a certain extent, they are even playing a decisive role.

Third, economic issues are occupying an increasing proportion in international diplomatic activities. The direct participation of leaders of various countries in the promotion of economic and trade relations has become a fashionable practice. Very often, some major and important international issues have both economic and political elements, which are interrelated and inseparable and promote one another.

Of course, this world is very complicated. Strategic considerations, political factors, and geopolitics are still having great impacts on the international situation. We must make a full appraisal of all these developments.

[RENMIN RIBAO] 3. China has been very active diplomatically in 1994. Could you say something about the main progress that has been made in China's diplomatic work over the past year or so?

[Qian] 1994 has been a year in which China was very active in diplomatic affairs. The Chinese leaders have visited several dozen countries on five continents, and more than 40 heads of state and heads of government have visited China. In particular, President Jiang Zemin's visits to Russia, Ukraine, France, Singapore, Malaysia, Indonesia, and Vietnam and Premier Li Peng's visits to the four central Asian countries, Mongolia, Austria, Germany, Romania, and the Republic of Korea are of greater significance and have a greater impact.

China's good-neighborly and friendly relations with its neighboring countries have entered a new stage of comprehensive development, and its unity and cooperation with the vast numbers of developing countries have been constantly consolidated and strengthened. More and more people have come to understand that a stable and prosperous China is an important factor for promoting regional and world peace, stability, and development.

In September this year, during President Jiang Zemin's Russia visit, China and Russia issued a joint declaration on not being the first to use nuclear weapons against one another and not to aim their strategic nuclear weapons at the other side. Both sides also signed an agreement on the western part of the Sino-Russian border. In the statement on the principles guiding the relations between both countries, the two leaders reiterated that they would endeavor to establish a new type of good-neighborly and friendly relations to face the 21st century.

In May this year, the U.S. Government announced its delinkage of China's most-favored-nation status from the human rights issue. Recently, President Jiang Zemin had another formal meeting with U.S. President Clinton while attending the nonofficial meeting of APEC leaders. There have been new improvements and developments in Sino-U.S. relations.

The relations between China and the great majority of Western countries, having faced certain setbacks in the past, have entered a new stage of development.

In the sphere of multilateral diplomacy, China has made unremitting efforts to maintain world peace and promote common development and has thus been highly appraised by the international community.

Moreover, to realize the great cause of the motherland's reunification, we have also done a great deal of effective work to promote relations between both sides of the strait, oppose "Taiwan independence," and promote the smooth transfer of power and the steady transition of Hong Kong and Macao.

[RENMIN RIBAO] 4. In May this year, the United States announced it would extend China's MFN treatment and delink it from the human rights issue. Recently, President Jiang Zemin had a meeting with President Clinton in Jakarta, Indonesia. What are the current status and prospects of the development of Sino-U.S. relations?

[Qian] Generally speaking, since the two leaders met in Seattle in November last year, Sino-U.S. relations have been developing steadily in a positive direction. In May this year, the United States announced it would delink China's MFN status from the human rights issue. Since then, the exchange of high-level visits between both countries has increased, and the sphere of trade and economic cooperation has been constantly expanding. The contacts between the two armies have also been restored. The recent and second official meeting between President Jiang Zemin and President Clinton in Indonesia injected new vitality to the further improvement and development of Sino-U.S. relations.

Maintenance of normal and good relations between China and the United States, the two big countries which have influence worldwide, conforms to the fundamental interests of the two peoples. It is conducive to peace and stability throughout the world, especially in the Asia-Pacific region, and is helpful to global economic development. Because of this, the Chinese Government is attaching great importance to the improvement and development of Sino-U.S. relations and has made positive efforts in this regard. As to the differences between both countries, we always advocate seeking a solution through dialogue on the basis of mutual respect and equality. On some issues which cannot be resolved for the time being, both sides can still seek common ground while reserving differences, give them further thought, and discuss them in the future. We may say that at present, the trend of development in Sino-U.S. relations is good.

The commonly established principles of the three Sino-U.S. joint communiques represent the cornerstone for the development of the relations between both countries. All these principles are related with the Taiwan issue and major issues concerning China's sovereignty and territorial integrity as well as the great cause of national unification. We hope that the U.S. Government will faithfully observe these principles and keep its promises so the development of Sino-U.S. relations will not be obstructed.

[RENMIN RIBAO] 5. APEC held two unofficial meetings of leaders in Seattle and Bogor. What is their impact on the position and role of the Asia-Pacific region in international affairs?

[Qian] Over the past year or so, the vigorous economic development in the Asia-Pacific region and its enhancing position and influence in international affairs have attracted worldwide attention. The Seattle meeting issued a "Declaration of APEC Leaders on Economic Prospects" last year. This year, the APEC leaders passed the "Bogor Declaration" at their second unofficial meeting. As a long-term and intended objective, the "Bogor declaration" proposed a timetable for the realization of free trade and investment; that is, by the year 2010 for the industrialized members and by 2020 for the developing members. The number of APEC's formal members has been expanded to 18. With a 2 billion population, nearly half of the world's GNP, and 40 percent of the total volume of world trade, there are broad prospects for the development of economic cooperation among the APEC members. Through the two summit meetings, the various sides have further reached a common understanding on the issue of adherence to the principle of respecting diverse regional characteristics and the principles of opening and nondiscrimination in developing regional cooperation. Undoubtedly, the enhanced mutual understanding and trust among various countries in this region are of positive significance to the maintenance of peace and stability in this region.

The Asia-Pacific economy is an important component of the world economy. An Asia-Pacific economic cooperation organization with a high economic growth rate established on the basis of mutual respect, equality, mutual benefit, cooperation, and opening is conducive to the economic growth and prosperity of the Asia-Pacific region. It is also a contribution to the common prosperity and development of the world.

[RENMIN RIBAO] 6. Next year will mark the 50th anniversary of the founding of the United Nations. Would you please brief us on China's stand and proposals on the position and role of the United Nations and its reform?

[Qian] As the most extensive and authoritative international government organization in the world, the influence and role of the United Nations in international affairs cannot be replaced by any other international organizations. Over the past 50 years or so, the United Nations has made conspicuous achievements in many fields, such as resolving regional conflicts and realizing decolonization throughout the world. It has also done a great deal of good work to promote international cooperation and seek the resolution of some common issues facing the international community. Of course, the United Nations has also experienced setbacks, and there are still quite a few weaknesses and defects in this organization. Today, as great changes are taking place in the international situation, people are placing high hopes

on the United Nations. However, it is very hard for the United Nations to satisfy the demands of various quarters.

To suit the great changes in the international situation over the past 50 years or so, the United Nations does need to carry out reform. China maintains that, in reforming the United Nations, the aspirations and interests of the vast numbers of developing countries—which make up the great majority of its member states—should be given full consideration, and the reform should be helpful to preserving and strengthening the United Nations's positive role in international affairs. The functions and roles of the UN General Assembly should be strengthened. The expansion of the UN Security Council should follow the principle of fair regional distribution so that it may be more broadly representative. The actions taken by the UN Security Council should better reflect the collective will and common aspirations of the member states.

As a founding member of the United Nations and a permanent member of its Security Council, China always gives positive support to the various kinds of work carried out by the United Nations in accordance with the purpose and principles of the UN Charter. China has entered almost all the important spheres of multilateral diplomacy under the care of the United Nations, has joined hundreds of international organizations, and has approved the participation in many international conventions. In the future, it will continue to take an active part in the United Nations's work in various fields.

[RENMIN RIBAO] 7. In the recent period, the Taiwan authorities have done their utmost to expand their international "activity space." Can you comment?

[Qian] After the reunification of China has been realized, the Taiwanese compatriots will entirely be able to share the dignity and the prestigious international position of our great motherland with the other people throughout the country.

At present, Taiwan, as a regional economy, has nongovernmental economic relations and cultural and trade contacts with various areas of the world. It does not lack activity space. The current problem is that the real intention of the Taiwan authorities is not simply to find activity space. They are attempting to create "two Chinas" and "one China, one Taiwan" under the name of striving for "international activity space." Under no circumstances should this be allowed. Any attempt to internationalize the Taiwan issue, which is originally an internal affair of China, and to draw support from foreign forces to interfere in, obstruct, and undermine the process of the motherland's reunification will surely be resolutely opposed by the Chinese Government and the Chinese people.

[RENMIN RIBAO] 8. The day of Hong Kong's return to the motherland is drawing near with every passing day. Would you please say something about China's stand

and proposals on the smooth transfer of power and steady transition of Hong Kong?

[Qian] The basic stand of the Chinese Government on the Hong Kong issue is very clear. There are definite stipulations in the Sino-British Joint Declaration and the Basic Law of the Hong Kong Special Administrative Region [HKSAR] on the policies and principles of "One Country, Two Systems," "Hong Kong being administered by the Hong Kong people," and "a high degree of autonomy." To realize a smooth transfer of power in 1997 and a steady transition, the Preliminary Working Committee of the Preparatory Committee for the HKSAR has done a great deal of substantive preparatory work. The broad masses of people who love the country and love Hong Kong have expressed their great enthusiasm and a high sense of mission. We believe that, under the guidance of the policy of "One Country, Two Systems" and relying on the increasingly prosperous motherland and the broad masses of Hong Kong compatriots, we will surely be able to realize a smooth transfer of power and steady transition in 1997 and will surely be able to ensure long-term prosperity and stability in Hong Kong.

The Hong Kong issue is an important aspect in Sino-British relations. Cooperation between China and Britain on the Hong Kong issue conforms to the common interests of both sides and is conducive to Hong Kong's prosperity and stability. We appreciate the intentions the British side has shown recently for further cooperation. The Chinese Government hopes that the British Government will observe the Sino-British Joint Declaration and the agreements and understandings reached between both sides in the past, "keep promise and take firm actions," do more solid work, make less trouble, and increase cooperation. This will be good for Hong Kong and for both China and Britain and will be appreciated by the international community.

[RENMIN RIBAO] 9. The year 1995 is approaching. Would you please talk about the prospects for China's diplomacy in the next year?

[Qian] In the new year, we will continue to adhere to the diplomatic policy of independence, self-decision, and peace, develop friendly and cooperative relations with all countries on the basis of the Five Principles of Peaceful Coexistence, develop good-neighborly and friendly relations with our neighboring countries, and endeavor to create a long-term peaceful and stable international environment for China's modernization drive and reform and opening up. At the same time, in our work relating to external affairs, we will also make positive efforts to promote cooperation among the people of various countries on the basis of mutual benefit and carry out the policy of making diplomacy serve economic construction, reform, and opening up.

Next year, several important international summit conferences will be held, and a series of activities will be carried out to mark the 50th anniversary of the United

Nations's founding. In September, the fourth world conference of women will be held in Beijing under the care of the United Nations. This will be the largest scale international conference ever held in our country. As the host of the conference, China will make every effort to ensure its success.

At present, world peace and development are facing a rare opportunity as well as severe challenges. In the coming year, our diplomatic work will be facing many new situations and new problems. Our tasks are very arduous. I believe that 1995 will be a year in which China will be more active and will achieve new breakthroughs in diplomatic affairs.

United States & Canada

Commentary on Sino-U.S. Talks on GATT Reentry

HK1612150094 Beijing LIAOWANG in Chinese 12 Dec 94 p 8

[By staff correspondent Li Dibin (2621 6611 2430): "Face Reality, Consult Each Other on an Equal Footing—Commentary on Sino-U.S. Talks on 'GATT Reentry'"]

[FBIS Translated Text] China and the United States are holding talks on the issue of China's "reentering the GATT."

Talks on China's "GATT reentry" petition have reached the final stage after lasting eight years and four months.

During this eight-odd years, China pushed actively for a market economic system, conducted reforms in its foreign trade structure, unified foreign exchange rates, set up a foreign exchange market, lowered import tariffs, unified the tax system, promulgated laws and acts designed to protect intellectual property rights, and initiated a series of key reformist measures. In May this year, China announced the "foreign trade laws" drafted in accordance with GATT principles. Toward the end of August, China presented to GATT signatories a package proposal, in which were included three lists of concessions in agricultural and nonagricultural goods and trade and services; and made significant and substantial adjustments to the "offers" it made at the Uruguay Round. China's pragmatic, active, and firm stand toward "GATT reentry" has won the understanding and support of many signatories, including developed countries such as the European Union, Japan, and Canada. After eight years of effort, conditions for China's "GATT reentry" are ripe, and it is reasonable and unavoidable to restore China's GATT signatory status.

Regrettably, negotiations between China and the United States over "GATT reentry" have not been as smooth as expected, because the United States has set up one obstacle after another against China's "GATT reentry" and has been raising its demands.

The 17th session of the GATT working group on China tabled in June this year an unofficial document based on U.S. proposals demanding that China enter GATT as a developed country, and listing conditions so harsh that they exceed even those set for developed countries.

As is well-known, GATT is a multilateral agreement, which while subjecting its signatories to certain obligations, also provides them with corresponding privileges. In demanding that China "reenter the GATT" as a developed country, the United States is in effect depriving China of corresponding privileges due to it when it commits itself to the obligations. What China is insisting on is correspondence between obligations and privileges. "GATT reentry" would be against what China had initially envisaged and lose all its meaning to China if it caused an enormous impact on China's industry and hurt its social stability and economic development. As a developing country, China can only undertake obligations matching its level of economic development.

The United States's ultimate aim in placing obstacles in China's path to "GATT reentry" is to secure maximum commercial benefits for itself. It is not right, nor does it conform with GATT's basic principles, to secure one's benefits at the expense of another country's.

China has consistently favored resolving economic and trade issues between countries on the principles of consultation on an equal footing and mutual benefit. Pressure can only succeed in strengthening China's confidence in itself, and attempts to take advantage of China's "GATT reentry" petition to pressure it into making concessions can only backfire.

China boasts a population of 1.2 billion and its economy is developing briskly. One of China's significant contributions to international economic and trade development will be its offering an open and an enormous—in actual volume and in its potential—market to the world. The World Trade Organization [WTO] which is to be founded next year will not live up to its name, to say the least, without the participation of such an economically dynamic trading power as China. Future developments will confirm that the WTO needs China as much as China needs the WTO!

The New Year bell is going to toll. "New Year" carries special significance for the Chinese; it is a day when old things are swept away to make way for new ones. It is time China ended its eight long years of petitioning to "reenter the GATT." Of course, China has prepared for the worst—that things do not go as it has wished. In spite of this, China will still pursue reform and opening up according to its timetable and continue to boost bilateral and multilateral trade and cooperation. However, the promises it made in the past will be over.

The end of the year is approaching and time is running out. We hope that the United States will face reality, hold consultations on an equal footing, proceed from a

long-term perspective, and create for the world, China, and itself a healthy and positive international economic and trade environment!

Analysis Views 'Inappropriate' 'Big-Stick' Policies

HK1812062294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 18 Dec 94 p 8

[“News Analysis” by Wang Yong: “Year-End Gatt Negotiations Frought With Missteps”]

[FBIS Transcribed Text] The year-end deadline for winding up substantive negotiations on China's access to Gatt is approaching, leaving many wondering what will be the result.

Before making predictions, it's helpful to call to mind the American saying, “he who strikes first will suffer most.”

The best way out of the forest for all sides is negotiation on the basis of mutual respect and equality.

But with the issue now hinging on talks between China and the United States, a top U.S. trade negotiator threatened in Beijing last week that if China fails to abide by U.S. intellectual property rights demands, chances for Gatt reentry would be slim.

With that move, the U.S. negotiator linked a Sino-U.S. bilateral issue with Gatt—a forum for multilateral trade issues.

Astute observers were quick to pick up the message, whether intentional or not: China's access to Gatt should be based on U.S. interests.

Even high-level U.S. officials cried foul.

Ginger Lew, general counsel to the U.S. Department of Commerce visiting Beijing last week, said she was concerned with the linkage of intellectual property rights and Gatt.

“We have to continue dialogue and move forward (on the intellectual property rights issue on a separate track).”

Observers believe if the two countries reach final resolution on the issue, negotiations on China's Gatt re-entry might face an easier atmosphere.

China has demanded that substantive Gatt talks be concluded before the end of this year, including discussions on China's tariff concessions and three offers of market access on agricultural and industrial products and trade in services.

But U.S. interest seems to be flagging. Christmas is coming, and some U.S. officials are to be on holiday.

And if the deadline cannot be met?

Both Chinese Vice-Premier Li Lanqing and Foreign Trade Minister Wu Yi have reaffirmed that China will no longer offer to hold any bilateral or Gatt Working Party talks.

This does not mean China will slow down the pace of its own reforms and opening to the outside. To the contrary, market access to China will increase over time.

If failure to meet the deadline is the final outcome, ramifications will be more subtle, observers say.

The main result is that neither side will be the winner.

The U.S. still wants to use Gatt, and later its successor—the World Trade Organization [WTO], as leverage to gain concessions from China.

While founding membership in the WTO is important—and ought to be a given for a country with one-fifth of the world's population, China will have many other things on its plate.

If it appears the power balance in the current negotiations in Geneva is tipping towards the U.S., it's much more difficult to predict the situation in 1995.

Chinese President Jiang Zemin and U.S. President Bill Clinton agreed in Jakarta last month that the two countries should develop co-operation from a long-term strategic perspective.

That sort of commitment makes big-stick policies visibly unhelpful and inappropriate.

Zou Jiahua Meets ARCO Executives Before Contract Signing

OW1912112994 Beijing XINHUA in English 1102 GMT 19 Dec 94

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—The China National Offshore Oil Corporation (CNOOC) today signed a contract with the U.S. oil company ARCO, the 100th deal since China opened its territorial waters for oil and gas exploration and development.

The contract was signed at the Great Hall of the People by CNOOC president Wang Yan and ARCO International Oil and Gas Company president Marlan W. Downey.

Chinese Vice-Premier Zou Jiahua met and had friendly talks with the ARCO executives led by Downey before attending the signing ceremony.

The contract on the Nanhai 63/20 block was the sixth deal ARCO has struck with CNOOC. The block, with an area of 510 square km and average water depth of 100 m, is located about 100 km south of Hainan Island's city of Sanya.

Both Chinese and foreign geologists are optimistic about oil and gas possibilities in the block which includes a

number of unexplored giant structures and is close to the neighboring Yacheng 35-1 gas field to the east.

Beginning next year, ARCO will invest tens of millions of U.S. dollars in seismic data collection and study, and use its expertise in drilling high-temperature and high-pressure wells to sink deep wells more than 5,000 m under the sea bed.

In its cooperation with CNOOC, the company's discoveries have included the big gas field of Yacheng 13-1, with proven natural gas reserves amounting to 100 billion cu m, and, this year, the gas field of Yacheng 35-1. Appraisal of the field is underway, but initial calculations put its natural gas in place at 70 billion cu m.

ARCO hopes to find more natural gas resources to supply Hong Kong, the Pearl River delta, and even the southeast coastal region of China, by means of the 778-km-long submarine gas pipeline from Yacheng 13-1 to Hong Kong, which was completed earlier this year.

Over the past 15 years, CNOOC has made remarkable achievements in its cooperation with foreign partners. By the end of September this year, it had attracted nearly 4.3 billion U.S. dollars in foreign funds.

The corporation has located 88 oil and gas-bearing structures, with total in-place oil topping 1.2 billion tons, gas 180 billion cu m, producing 6.4 million tons of crude oil and 400 million cu m of natural gas this year.

By 1997, at which time it expects to hit its first peak, its crude output is expected to reach 12 million tons and natural gas four billion cu m.

Evidence Uncovers Chrysler Link to Prison Labor

HK1912081294 Hong Kong EASTERN EXPRESS in English 19 Dec 94 p 8

[By Bruce Gilley]

[FBIS Transcribed Text] New revelations have emerged of links between the American car giant Chrysler and prison labour in China, including the first evidence of the use of prison labour-made parts in the company's Beijing Jeep operations.

Interviews by Eastern Express with officials of two of China's biggest labour camps, Shayang in Hubei province and Ya'an in Sichuan province, have confirmed direct production links with Beijing Jeep. The existence of automotive companies run by the camps was uncovered by the organisation Human Rights Watch/Asia during investigations into human rights issues related to the massive Three Gorges dam project, which spans the two central provinces.

The latest revelations reflect the spread of the labour camp industry throughout the Chinese economy, in line with the government's encouragement of the prison labour sector to "draw in domestic investment and forge foreign links", according to the human rights group. As

early as 1985, the Ya'an Auto Parts Factory, part of the Sichuan Reform-Through-Labour Bureau, was supplying universal joints and transmission shaft assemblies directly to Beijing Jeep, according to the factory director, Mu Zigang.

The parts were used in the BJ2020 all-terrain model, which accounts for three-quarters of Beijing Jeep's output and has recently been crowned the best-selling car in the country. "The quality demands are very high, so we can only sell a small part of our universal joint production to them." But most of our transmission shaft assemblies are sold to them," Mu said, from the central Sichuan provincial town of Ya'an.

Following a reorganisation of the Chinese partner in Beijing Jeep, Beijing Auto Works (BAW), in the early 1990s, all sales were made to BAW rather than to the joint venture. BAW has three other vehicle factories. "We are selling only to BAW now, so I can't be sure where the parts are used," Mu said, adding that sales have declined under the new policy. "Their supply system changes every year, so we never know where our parts end up," he said.

Beijing Jeep's vice-chairman and former president, Wu Zhongliang, said he was "quite familiar" with the Ya'an factory, but did not know if its parts were used in the BJ2020.

Li Hongqi, the head of the Beijing Jeep purchasing and supplies department, denied that any parts were bought from Ya'an. The parts in question came from factories in Hangzhou, Shanghai and Beijing, he said. In the case of the Shayang Motor Fittings Plant, Beijing Jeep is a supplier rather than a buyer. The Shayang plant has been using the BJ2020 chassis to produce vehicles since 1984, according to Liao Guanggao, the head of supplies.

Purchases have declined from a peak of over 100 a year in the mid-1980s to only 30 this year as a result of straitened financial circumstances at the prison labour factory, he said. The chassis were made directly by Beijing Jeep until the early 1990s, when a special chassis plant was set up under BAW, according to Li of Beijing Jeep. The Shayang plant uses the chassis to make a number of models, including "criminal reconnaissance" cars, legal propaganda vehicles, convict transport trucks, and police dog cars, according to the Hubei industrial directory.

The plant, which employs close to 1,000 convict workers, has been in operation since 1976—for the last 10 years under the direct planning of the Ministry of Justice, the directory states.

It is one of 67 factories under the massive Shayang prison labour camp, which holds an astounding 71,000 convicts and covers an area of 2,146 square kilometres. The factories make everything from powdered milk to sanitary napkins, many of them in joint ventures with domestic enterprises.

Following the revelation of prison labour connections involving Beijing Jeep in August, Chrysler promised to reexamine the supply relationships of the company and of BAW. "We are broadening our investigation to ensure that not only Beijing Jeep Corporation suppliers but also suppliers doing business with our shareholding partner, BAW, are not involved in prison labour," a statement said.

"Be assured that if any proof is shown that a supplier of Beijing Jeep Corporation has somehow hidden its use of such labour, immediate corrective action would be taken and that supplied part would be re-sourced. "We will also encourage our shareholding partner, BAW, to do the same, and follow similar supplier practices as Beijing Jeep Corporation."

The revelations also prompted other US corporations involved in China to begin writing legal contract provisions which would forbid their joint venture partner from having any connections with prison labour companies. China has 1.2 million prisoners in prisons or reform-through-labour camps and a further 153,000 detainees in re-education-through-labour camps.

Southeast Asia & Pacific

Burma Officially Announces Li Peng's Coming Visit

OW1612133894 Beijing XINHUA Domestic Service in Chinese 1356 GMT 15 Dec 94

[By reporter Zhang Yunfei (1728 0061 7378)]

[FBIS Translated Text] Rangoon, 15 Dec (XINHUA)—General Than Shwe, chairman of the State Law and Order Restoration Council and prime minister of Burma, expressed his belief here today that Chinese Premier Li Peng's forthcoming visit to Burma will surely bring about an all-round development of the existing friendly relation in all fields between Burma and China.

Than Shwe made these remarks during his meeting with visiting Major General Fu Jiaping, director of the Foreign Affairs Office of the Ministry of National Defense of China.

Lieutenant General Tin Oo, first secretary of the State Law and Order Restoration Council of Burma, said during his meeting with visiting Chinese Minister of Construction Hou Jie today: Premier Li Peng's visit to Burma will be an important event in the Burmese-Chinese relations. The Burmese Government and people are looking forward to Premier Li Peng's visit and will warmly welcome him.

The Burmese Government made a formal announcement today that Li Peng, premier of the State Council of the People's Republic of China, will pay an official

goodwill visit to Burma in the near future at the invitation of General Than Shwe, chairman of the State Law and Order Restoration Council and prime minister of Burma.

Ministers Sign MOU on Construction in Burma

OW1812113194 Beijing XINHUA in English 1118 GMT 18 Dec 94

[FBIS Transcribed Text] Yangon [Rangoon], December 18 (XINHUA)—A memorandum of understanding (MOU) on construction cooperation was signed here today between China and Myanmar [Burma].

The visiting Chinese Minister for Construction, Hou Jie, and Myanmar Minister for Construction Khin Maung Yin signed the MOU on behalf of their respective governments.

Under the MOU, the co-operation may include training programs, engineering construction, construction materials and mechanical equipment and so on.

Hou Jie and his party arrived here last Wednesday [14 December] for a six-day visit to Myanmar.

'Roundup' Views Development of Sino-Singapore Ties

OW1812164794 Beijing XINHUA in English 1622 GMT 18 Dec 94

[("Roundup" by Zheng Hu: "A Year of Fast Development in Sino-Singapore Cooperation")]

[FBIS Transcribed Text] Singapore, December 18 (XINHUA)—With Singapore speeding up its economic regionalization drive and China deepening its economic reform and opening-up to the outside world, the year 1994 has seen the friendly cooperation between the two countries expand by leaps and bounds to reach the best period in the development of their bilateral relations.

Since the establishment of diplomatic ties between China and Singapore in October 1990, their bilateral cooperation in various fields has developed steadily, spearheaded by the cooperation in the area of trade and economy, which gained momentum of fast-track development in the year 1993, setting a number of historic records.

In 1993, bilateral trade between China and Singapore reached 4.89 billion U.S. dollars, up by 50 percent over the total of 1992 to hit an all-time high. In the year, Singapore's investment in China went up to 2.95 billion US dollars, equivalent to 150 percent of the total contracted investment that Singaporean companies committed in projects in China during the previous 14 years.

The momentum of rapid development in bilateral cooperation was sustained and carried over well into 1994. The signing of the agreements on Singapore transferring

its experiences in public administration to the Singapore-Suzhou Industrial Park by the two governments in Beijing last February marked a milestone in this unique form of bilateral cooperation, and forcefully pushed the cooperation between Singapore and China up to a higher level.

According to statistics available here, by the end of June this year, the number of projects with Singapore investment in China reached 3,834, registering a total contracted foreign fund of 6.8 billion US dollars and making Singapore the fifth largest foreign investor in China.

In the meantime, more than 120 Chinese companies started or expanded their operations in Singapore, with four of them having been listed on the Stock Exchange of Singapore.

Bilateral trade hit more than three billion US dollars in the first eight months of this year, accounting for 40 percent of the total value of trade between China and all the members of the Association of Southeast Asian Nations (ASEAN), which groups Indonesia, Thailand, the Philippines, Malaysia, Brunei, and Singapore.

The rapid expansion of cooperation between China and Singapore is also reflected in the increased exchanges of personnel. In 1993, more than 200,000 Singaporeans visited China either on business or as tourists, while almost the same number of Chinese came to Singapore.

Since the beginning of this year, the personnel exchanges between the two countries have been even busier. Incomplete statistics show that during the first six months of the year, at least 41 trade and investment missions arrived here from various parts of China to look for cooperation partners and explore business opportunities.

By the end of this year, the total number of Chinese trade and investment missions to come to this country is expected to hit 80, doubling the number of last year.

Chinese ambassador to Singapore Yang Wenchang has commented that the frequent arrivals of trade and investment missions from almost every corner of China brought along so large a number of projects in various fields and offered enterprise and companies of both countries so many great opportunities of cooperation as never seen before in history.

Singaporean Minister for Trade and Industry Yeo Cheow Tong said in Beijing in September, when he was there on a multi-province trip to China, that the trade and economic relations between Singapore and China at present was in the best period of development in history.

Observers here said that the sustained fast economic buildup in China, as a result of the 15 years of reform and opening-up in the world's most populous country and its pursuit of a market economy, prepared a solid pad for the Sino-Singapore cooperation to take off.

Another powerful driving force behind the impressive growth in bilateral cooperation between the two countries has been the fundamental adjustment in the economic development strategy by Singapore, namely the policy of economic regionalization unveiled by the government in 1991, they said.

They also attributed the fast development of the Sino-Singapore economic cooperation to the meaningful support given by the governments and top leaders of the two countries.

Singapore Prime Minister Goh Chok Tong went to Beijing in February to witness the signing of the agreement on the Singapore-Suzhou Industrial Park. Senior Minister Lee Kuan Yew visited China twice during the year in a time span of seven months. Also noteworthy was that each time they visit China, the Singapore leaders have a business delegation going along.

On the other hand, of all the trips to Singapore made by Chinese leaders and officials, the most important was that of President Jiang Zemin before attending the informal meeting of leaders of the Asia-Pacific Economic Cooperation Forum in Indonesia.

During their meetings and talks here, Jiang and top Singaporean leaders expressed their satisfaction with and their confidence in the development of the economic cooperation between the two countries.

Looking ahead to the coming years, diplomatic and business analysts here believe that the momentum of the steady development of cooperative relations between China and Singapore will be maintained in the new, yet more challenging period of growth.

Naval Escort Vessel Delivered to Thailand

OW1712094794 Beijing XINHUA in English 0916
GMT 17 Dec 94

[FBIS Transcribed Text] Shanghai, December 17 (XINHUA)—China yesterday handed over to Thailand a missile-carrying naval escort vessel, the Naresuan.

The ship was built by the China Shipbuilding Plant in Shanghai.

The ship was the first of a series of new F25T-class vessels which China has agreed to build for Thailand.

Designed by the 701 Research Institute of the China Shipbuilding Company, the ship has a structure designed to protect it from chemical, biological or nuclear attacks.

It is equipped with combined gas-turbine and diesel engines.

The ship also has advanced electronic facilities which enhance its capacity for anti-plane, anti-ship and anti-submarine warfare.

Machine-Building Industry To Step Up Ties With SRV

OW1812134294 Beijing XINHUA Domestic Service in Chinese 1415 GMT 13 Dec 94

[By reporter Hu Suojin (5170 6956 6930)]

[FBIS Translated Text] Hanoi, 13 Dec (XINHUA)—The summary of talks signed here this afternoon by He Guangyuan, Chinese machine-building industry minister, and Tran Lum, Vietnamese heavy industry minister, emphasizes that there are broad prospects for cooperation between Chinese and Vietnamese machine-building industries, which are highly complementary to each other, on the basis of reciprocity and mutual benefit.

During the talks, both sides agreed to strengthen cooperation in farm machinery, sugar-refining, energy, construction materials and equipment, bicycle manufacturing, automobiles, refrigeration equipment, and machine tools. They also decided to set up a group for cooperation between the two countries' machine-building industries so as to expedite the launching of cooperative projects.

Vietnamese Prime Minister Vo Van Kiet, in a meeting with He Guangyuan on 12 December, expressed his complete endorsement and support of the cooperation plans of the two countries' machine-building industrial departments.

West Europe**Officials Attack EU Funding of Hong Kong Rights Center**

HK1812060094 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 18 Dec 94 p 2

[By So Lai-Fan in Hainan and Queenie Wang]

[FBIS Transcribed Text] Beijing has attacked the European Parliament's decision to set up and fund a human rights centre in Hong Kong beyond 1997, saying the move amounts to interference in China's internal affairs.

The \$1.8-million fund, proposed by Britain's first Liberal Democrat Member of the European Parliament (MEP), Graham Watson, and passed by the Parliament's Budgets Committee last Thursday, has become a new bone of contention in the already tense Sino-British relationship.

China's chief official in charge of Hong Kong affairs, Lu Ping, reacted strongly yesterday, saying: "The move is tantamount to interference in China's internal affairs. It is impossible even if the sum is only \$1.80."

The State Council's Hong Kong and Macau Affairs Office (HKMAO) also issued a strong statement, saying

China was "surprised" the European Parliament would continue funding the centre after the transfer of sovereignty.

Describing the move as being "incited" by a British MEP, it added: "This is not only a severe challenge to the Basic Law of the Special Administrative Region, but also blatant interference in China's internal affairs. Chinese citizens, including Hong Kong compatriots, will in no way accept it."

HKMAO deputy director Chen Ziying said last night the proposed group was a political organisation, and if it accepted foreign funding after the changeover, it would be breaching the Basic Law.

But government spokesman Kerry McGlynn last night said Chinese objections were groundless.

"I'm not aware of any reasons why a human rights group can't be established in Hong Kong, although it's not clear what has been proposed from Europe," he said.

Mr McGlynn also tried to ease Beijing's anxiety, saying: "I can imagine that as long as the Joint Declaration is fully implemented—as China and Britain have pledged to do the Joint Declaration will fully protect human rights in Hong Kong after 1997, so the human rights group shouldn't have too much to do."

Senior Executive Councillor Lady Dunn yesterday declined to comment on the issue, beyond saying it was natural for human rights in Hong Kong to be a matter of concern around the world.

"The whole world is increasingly concerned about human rights. Since Hong Kong has an important status internationally, it is quite natural that her situation regarding human rights receives much attention and concern from many countries," she said.

But several Hong Kong Affairs Advisers accompanying Chinese officials on a tour in Hainan said the European Parliament should consult China before granting the money.

Liberal Party chairman Allen Lee Peng-fei said: "As a courtesy, it (the European Parliament) should consult the Chinese Government."

He also expressed doubts about the purpose of setting up a human rights centre.

"If they assume human rights in Hong Kong would be trampled after 1997, I believe Beijing would object," he said.

Another adviser, legislator Hui Yin-fat, said: "Any attempt to internationalise the human rights issue is bound to fail because China will not recognise it."

Human rights activist Ho Hei-wah said the centre would not interfere in China's internal affairs.

"It is just a non-governmental watchdog, it can't affect the administration. Beijing has simply over-reacted," he said. "Such groups are very common around the world. If China reacts like this, then freedom of speech and gathering is in danger."

Chinese Official Criticizes European Parliament
*OW1912131994 Beijing XINHUA in English 1252
GMT 19 Dec 94*

[FBIS Transcribed Text] Hong Kong, December 19 (XINHUA)—A senior Chinese official here was quoted today as saying that the European Parliament has no right to interfere in the internal affairs in Hong Kong by deciding to set up a human rights center in the territory.

Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong [H.K.] Branch, made the criticism on a public occasion here on Sunday [18 December] while commenting on a recent decision by the European Parliament to fund a human rights center in Hong Kong.

The European Parliament recently decided to fund a 1.8 million H.K. dollar human rights center in Hong Kong and will continue to do so after the transfer of sovereignty in Hong Kong after 1997, a local newspaper reported today.

He reiterated that at present the Hong Kong issues are issues between the Chinese and British governments and after 1997 the issues of Hong Kong are purely internal affairs of China.

He said it is wrong to say that the European Parliament should be supported for deciding to fund a human rights center in Hong Kong as the territory is an important international city.

"Is it right that the European Parliament should have the right to set up a human rights center in every important international city and should it have the right to interfere in the internal affairs of others?" Zhang asked.

He questioned the legitimacy of the European Parliament's decision to set up such a human rights center in Hong Kong.

Zhang also criticized some British parliamentarians who hailed the European Parliament's decision as something that is in accordance with the world trend.

"Why didn't they invite the European Parliament to set up a human rights center in London?" he asked.

East Europe

Jiang Zemin, Latvian President Ulmanis Hold Talks

*OW1912102794 Beijing XINHUA in English 0942
GMT 19 Dec 94*

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—Chinese President Jiang Zemin said here today

that the current visit by Latvian President Guntis Ulmanis was a major event in the history of Sino-Latvian relations and would inject new vigor into the development of bilateral ties.

During talks with Ulmanis, Jiang pointed out that the normalization of Sino-Latvian relations has won support by the people of both countries.

"This shows that normal friendly relations and cooperation between the two countries accords with the will of the two peoples and their fundamental interests," Jiang said, adding that, if the two countries make concerted efforts, Sino-Latvian relations will continue to develop smoothly.

Jiang also introduced the history and the cause of the Taiwan issue to the guests, and restated China's consistent position on that issue.

He stressed that the Taiwan issue was a principle one concerning China's sovereignty and territorial integrity as well as the unification of the country and the nation.

"We oppose any official relations or contacts between Taiwan and countries which have launched diplomatic relations with China," Jiang said, "but we are not against non-governmental economic and trade activities between them."

Jiang praised the contributions by President Ulmanis highly in the normalization of Sino-Latvian relations, and expressed appreciation for his far-sightedness and boldness as a statesman.

Shortly after China and Latvia established diplomatic relations at the end of 1991, the Latvian side set up consular relations with Taiwan, stalling the Sino-Latvian relations until July of this year when bilateral relations returned to normal.

President Ulmanis arrived here yesterday for the state visit at the invitation of Chinese President Jiang Zemin.

Ulmanis said that he greatly treasured China's support for Latvia's independence. China is one of the first group of countries to recognize Latvia, he said, and the establishment of diplomatic relations reinforced bilateral ties. He hoped that the current visit would help promote mutual understanding, and usher in a new era of Sino-Latvian relations.

Quoting a Chinese saying, "a long journey begins with a single step", the president said that Latvia-China relations have had a good beginning. "I believe that relations between our two countries will continue to develop," he added.

He said that Latvia understood and respected other countries' history, and Latvia's position on the Taiwan issue has already been put down in relevant documents concerning the establishment of Sino-Latvian relations.

"We believe that ideological and cultural differences should not become obstacles in the development of relations between countries," he said.

Latvia attaches great importance to relations with China, and its role in world politics and economy. To strengthen the friendly cooperative relations between the two countries is in the interests of both sides, he added.

During the talks, Jiang briefed his guest on China's independent foreign policy of peace and its criteria to develop relations with Latvia and the other Baltic states, which are as follow:

- China respects and understands the path of social development and the domestic and foreign policies chosen by the peoples of the Baltic states, and will never interfere in the internal affairs of those countries;
- China believes that all countries, whether big or small, are equal. China also believes that relations with those countries should transcend the differences of social systems and ideologies and should develop on the basis of the five principles of peaceful co-existence;
- China will strengthen economic cooperation and trade ties with these countries in an effort to promote common development on a basis of equality, mutual benefit, and mutually supplying each other's needs.
- China respects the wishes of these countries to develop regional cooperation and hopes that they can co-exist in a friendly manner and can solve those disputes and problems which are a residue of history by means of peace. China sincerely hopes to see economic prosperity, social stability, and the well-being of the people in all the Baltic states.

On economic and trade ties between China and Latvia, Jiang said that such relations have had a good beginning. He noted that a group of businessmen are accompanying President Ulmanis on the visit and the Latvian side is to hold a trade fair here. Jiang said this would promote exchanges and cooperation between the two countries' business circles.

He expressed the belief that economic and trade relations would be pushed to a new high through the efforts of the two governments and the two countries' business circles.

After the talks, Jiang and Ulmanis signed a joint statement regulating the strengthening of cooperation between China and Latvia.

The Chinese Vice-Premier and Foreign Minister Qian Qichen and his Latvian counterpart, Valdis Birkavs, took the occasion also to sign an agreement between the two governments on trade and economic cooperation.

According to the agreement, which was the first legal document concerning economic cooperation and trade

ties between the two governments, China and Latvia will offer each other Most-Favored-Nation status.

Prior to the talks, Jiang presided over a ceremony inside the Great Hall of the People here officially welcoming President Ulmanis.

Jiang is to host a banquet at the Diaoyutai State Guesthouse later today in honor of President Ulmanis, his wife, and their accompanying party.

Qian Qichen Meets Latvian President

*OW1912134694 Beijing XINHUA in English 1247
GMT 19 Dec 94*

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen met here today with visiting Latvian President Guntis Ulmanis.

According to a Chinese Foreign Ministry official, the two sides briefed each other on issues relating to their respective foreign relations and exchanged views on bilateral ties and issues of common concern.

Qian described the talks between Ulmanis and Chinese President Jiang Zemin earlier today as "very good."

Qian said the current visit of President Ulmanis was an important one which will play an leading role in enhancing bilateral relations.

He said that now leaders of all three Baltic states have visited China, and China hopes that such high-level visits can continue.

Ulmanis said that he supported China's position, explained by Jiang during their talks today, on Taiwan and other issues. Qian expressed appreciation for this.

Ulmanis invited Qian to visit Latvia to continue the dialogue between the two sides.

President Ulmanis also said he hoped that Latvia and China would co-operate in commodity and cultural exchanges, and in aviation. Qian said China takes a positive attitude toward the cooperation between the two countries in various aspects.

Ulmanis Attends Trade Exhibition

*OW1912100694 Beijing XINHUA in English 0918
GMT 19 Dec 94*

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—"Latvian Business Days," the first Latvian trade exhibition held in China since the two countries established diplomatic relations, opened here this afternoon at the China International Exhibition Center.

Visiting Latvian President Guntis Ulmanis presided over the opening ceremony, at which Vice-Chairman of the Standing Committee of China's National People's

Congress Wang Guangying and President of the China Council for the Promotion of International Trade Zheng Hongye were present.

About 40 Latvian enterprises take part in the three-day exhibition which occupies a space of nearly 1,000 square meters.

Exhibits include machine production, foodstuff processing machines, electronics goods, financial services, medicines, telephone switchboards, electric tools, sugar-refining equipment, wool products, household appliances, plastic packaging equipment, tourism services, and plastics.

During the exhibition, technicians from the two countries will also hold technological exchanges.

Latin America & Caribbean

Fidel Castro Reportedly To Visit 'In Spring'

HK1812024896 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 18 Dec 94 p 6

[By Peter Seidlitz in Beijing]

[FBIS Transcribed Text] Cuban leader Dr Fidel Castro is due to visit China for the first time next year.

His travel plans were confirmed last week by Cuba's ambassador to China, Jose Armando Guerra Mencheo, and Beijing's Foreign Ministry.

"For six years I have been the ambassador in China and I hope to see the President here soon," Mr Mencheo said.

It is understood from Chinese diplomatic sources that Dr Castro will probably visit in the spring.

With his visit, Dr Castro—36 years in charge on the Caribbean island—will recognise the economic help China has given to Cuba in the years following the collapse of the Soviet Union.

Last year China's President Jiang Zemin made what was described by protocol as a "stop-over" visit to Cuba on the way to Brazil.

The invitation to Dr Castro to visit China was then renewed.

The Chinese have their own reasons for supporting Cuba.

The economic help isolated Cuba receives from China gives the Beijing Government a political tool in dealing with Washington, a South American ambassador in Beijing said.

Already the US is asking China to use its influence in North Korea to maneuver the Government in Pyongyang on reforms.

If Dr Castro visits China, Washington will ask the mainland to show the Cuban leader the visible successes of the open-door policy, high-ranking diplomats in Beijing said.

Political & Social**Deng Reportedly Visited Chengdu, Sichuan**

*HK1912035094 Hong Kong LIEN HO PAO in Chinese
19 Dec 94 p 7*

[**"Special dispatch"** by LIEN HO PAO Mainland News Center in Beijing: "Deng Xiaoping Is Said To Have Visited Sichuan To See the Old Places and To Avoid the Winter Cold; This Shows That His Health Has Improved Slightly"]

[**FBIS Translated Text**] According to an authoritative source here, the mainland's paramount leader Deng Xiaoping, who has not appeared in public for a long time, recently visited Chengdu in Sichuan and made an inspection and recuperation tour of some nearby towns. It is believed that one of Deng Xiaoping's purposes in visiting Sichuan was to see his homeland, Guangan County, while his health was still not bad. In addition to his daughter Deng Rong, those accompanying Deng Xiaoping to Sichuan might also have included Premier Li Peng, who recently inspected Sichuan.

This year, there have been many rumors about the worsening of Deng's health. Many media reports outside the mainland said that Deng Xiaoping was critically ill last September and he had recovered somewhat after intensive treatment. Because Deng Xiaoping has spent the winter in Shanghai for seven consecutive years, it was once rumored that Deng Xiaoping went to Shanghai's Huadong Hospital for convalescence by a special train and then went to Wuhan to continue his recuperation and also to inspect local economic development. Deng Xiaoping is always concerned about his home province's development, so he continued traveling from Wuhan to Sichuan.

The source pointed out: This time, the fact that Deng Xiaoping toured around the vicinity of Chengdu showed that his health was not bad and he could still travel to the south to avoid the winter cold. In 1986, Deng Xiaoping returned to Sichuan and spent the Spring Festival with the people of his home province. After that, he had not returned to Sichuan. After Deng Xiaoping left home to study in France when he was 15, he did not return to his home county Guangan. First, he was too busy. Second, he was afraid that this might disturb the local people. However, Chinese people have the idea of "dying on one's homeland like a leave falling to the roots." Deng Xiaoping, who is already at an advanced age of 90, was eager to visit his home place while his health condition was still not bad.

In addition, Deng Xiaoping recently attached importance to quickening the development of the Chang Jiang Valley. He said: "Only with development in the Chang Jiang Delta area and in the Chang Jiang Valley will the national economy be developed." He added: "Shanghai, the dragon's head, has moved; the dragon's tail should also move. Then the dragon as a whole will move." This

time, he visited Sichuan because he wanted to see how the "dragon's tail" was moving.

Other people said that Sichuan Provincial Governor Xiao Yang, one of Deng's favorite cadres, has not got along too well with the central authorities recently. In order to keep Xiao Yang in place and support Sichuan, Deng Xiaoping went to his home province in the hope that he would improve the relationship between the province and the central authorities.

It was said that in addition to his daughter Deng Rong, those accompanying Deng Xiaoping to Sichuan might have included Li Peng who inspected Sichuan from 7 to 11 December and attended the Three Gorges inauguration ceremony.

Newspaper Outlines Plan for Yao Yilin's Funeral

HK1712084694 Hong Kong EASTERN EXPRESS in English 17 Dec 94 p 8

[**By Bruce Gilley**]

[**FBIS Transcribed Text**] Proletarian or not, the late Communist Party elder Yao Yilin is certain to receive a first-class funeral on Monday [19 December], including a luxury cremation. On that day, according to Beijing sources, Chinese leaders will gather at a state mourning hall, possibly the Beijing Hospital, to pay their last respects to the former vice-premier and revolutionary hero. They will then form a procession and follow the coffin outside to a waiting hearse.

The Communist Party general secretary, Jiang Zemin, is expected to don his Mao jacket, in deference to Yao's revolutionary credentials, while the Premier, Li Peng, will wear a dark Western suit. One or two wheelchairs will be seen in the procession, including those of "party immortals" Peng Zhen and Bo Yibo. The spritely immortal Yang Shangkun will walk at the front. Deng Xiaoping and Chen Yun, the most important two immortals, will watch on closed circuit televisions from their hospital beds. All present will wear black arm bands.

The hearse, one of 15 purchased from Japan by the Communist Party two years ago, will drive slowly towards the west, ending its journey at the Babaoshan Cemetery of Revolutionaries. In line with 1991 regulations cutting down on lavish funerals for powerful state leaders, the "memorial meeting" and "final tribute ceremony" which used to mark such occasions will not be held. The crematorium doors will simply be opened and Yao placed inside.

But Yao will not be treated as a commoner by the staff at Babaoshan, where nearly half of Beijing's dead are cremated. Even on returning to dust, the founders of China's working class dictatorship are accorded aristocratic status.

Babaoshan is equipped with eight cremation ovens. The oldest, which is reported to break down frequently, midway through the process, was built by the Capital Iron and Steel Company in the 1950's. Two high-speed Fangjie brand ovens were added in the 1970's, and four "single process" models built in Shenyang were installed in the 1980's. The best oven, imported from Japan in 1988, sits idle for most of the year. It is reserved for the cremation of senior leaders.

The former premier Zhou Enlai was turned to ash in 1976 in a Fangjie model. "The staff especially cleaned it out beforehand," the WEN WEI PO noted at the time. Zhou's wife, Deng Yingchao, died in 1992, late enough to enjoy the Japanese oven.

The Japanese oven's first known customer was the ultra-reformist former Party Secretary Hu Yaobang, who died in 1989. "He made it into the Japanese oven for cremation," the Beijing-backed WEN WEI PO commented dryly at the time.

The China-made ovens were in the 1980's suddenly deemed unsuitable for burning senior leaders. According to some reports, the reason for buying the Japanese model was that the Fangjie and Shenyang ovens do not always finish off the job, obliging staff to use a rake rather than a broom to collect the remains. This may be acceptable for commoners but would be an insult to state leaders. "Some of the Fangjie models have now been demolished," WEN WEI PO reported two years ago, without giving the reasons.

The top-of-the-line Japanese oven was used five times in 1992, once last year, and three times so far this year—most recently for the former People's Liberation Army chief of staff, Yang Dezhi, who died last month.

On Monday, Yao will lie in the "slow process" Japanese oven for approximately one and a half hours, about twice as long as Zhou Enlai spent in the speedy Fangjie model. After the oven has done its work, a PLA ceremonial official in white gloves will sweep Yao's remains into a simple wooden or jade box.

The cremation of senior leaders at Babaoshan is considered "an important political task" in party regulations. As WEN WEI PO put it: "Babaoshan is the highest level work unit undertaking funeral arrangements in China." The exclusive Japanese oven was offered when the former Hong Kong governor Sir Edward Youde died in Beijing in 1986. This was declined in favour of sending him back to Britain, but Babaoshan staff were put in charge of embalming and dressing the corpse.

Since 1956, the Chinese government has been promoting the cremation of dead bodies, except among ethnic minorities. By 1992, however, only 37 per cent of the 7 million dead bodies being disposed of yearly were being cremated. This was mainly due to a strong tradition of burial in the countryside.

When the proposal to outlaw burials was put before Mao Zedong in 1956, he is said to have grunted "good, good" and signed it, according to WEN WEI PO. But Mao never managed to shed his peasant roots. He went on to set the worst possible example. Not only does he lie pickled in Tiananmen Square, but the mausoleum built for his corpse takes up a huge parcel of land.

Other signatories of the 1956 regulation practised what they preached: Liu Shaoqi, Zhu De, Peng Dehuai and Chen Yi, for example, all made their journey to the crematorium at Babaoshan. Deng Xiaoping also signed, as did Yao Yilin, whose sincerity will be tested on Monday.

After the State Council document outlawing burials in 1956, the party constructed a special room in the Babaoshan revolutionary cemetery for the ashes of senior leaders.

Most took to the place with relish. Zhu De is nestled in a green jade box, just inside the door of Room Number One. Keeping him company, just on the right as you walk in, is Marshall Peng Dehuai, resplendent in dark oak. "Every one of the ashes rooms has strict guidelines with respect to the level of each person," the WEN WEI PO noted. "Those whose level is not relatively high cannot enter, even if it means splitting up couples." Some like Zhou Enlai and his wife Deng Yingchao, chose to have their ashes scattered in their hometowns.

Fence sitters like Li Xiannian opted for half and half.

Beijing observers believe Yao will also take the indecisive route, allowing some of his ashes to be scattered in his Anhui province home. The other part of his former self will be perched in the vicinity of his revolutionary colleagues in Babaoshan.

This part will face a lonely future, however, owing to the 1991 regulations outlawing lavish funerals.

"In the past, every time the Qing Ming tomb-sweeping holiday rolled around, hundreds of high-class vehicles would drive up and unload senior cadres coming to worship in the Babaoshan halls," WEN WEI PO said just after the regulations were passed. "The nearby farmland often got pressed into temporary service as a car lot," it added.

The 1991 regulation, passed by senior leaders with the roars of students protesting against government corruption two years earlier still ringing in their ears, put an end to all that. "The doors to the revolutionary hero rooms are full of nothing but nesting birds now," WEN WEI PO noted.

Yao To Be Cremated in Beijing

OW1812131794 Beijing XINHUA in English 1248
GMT 18 Dec 94

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—Chinese retired leader Yao Yilin, who died of illness December 11 in Beijing at the age of 77, will be cremated here tomorrow.

To mourn the distinguished leader of the Communist Party of China (CPC), the national flag in front of the Tiananmen Gate, the Xinhua Gate, and at the Great Hall of the People and the Foreign Ministry will be flown at half-mast on Monday [19 December].

The national flag atop provincial party and government buildings and at Chinese embassies in foreign countries will also be flown at half-mast tomorrow.

Yao has been regarded as a distinguished party and government leader, an outstanding proletariat revolutionary and an excellent leader of China's economic work.

Report on Leaders' Activities 9-15 Dec

OWI 1612150394

[FBIS Editorial Report] Li Peng Inscribes for Publishing House—The China Map [zhong guo di tu 0022 0948 0966 0956] Publishing House held a meeting in Beijing on 9 December to mark its 40th founding anniversary. Li Peng inscribed: "You should publish good maps to serve the motherland's construction." Zou Jiahua, Li Lanqing, and Qian Qichen also separately wrote congratulatory inscriptions. (Beijing XINHUA Domestic Service in Chinese 0714 GMT 9 Dec 94)

Li Ruihuan, Others Watch Performance—Li Ruihuan, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the Chinese People's Political Consultative Conference [CPPCC] National Committee, joined Comrades Buhe, Timur Dawamat, Ismail Amat, Seypidin Aze, and Wan Guoquan in watching the performance by a Xinjiang song and dance troupe in Beijing on 10 December evening. After the performance, the leaders cordially met with the performers and had a group photo taken with them to mark the occasion. (Beijing XINHUA Domestic Service in Chinese 1309 GMT 10 Dec 94)

Yang Rudai Attends Science Award Ceremony—The Huiyuan Pharmaceutical Company, run by the Academy of Traditional Chinese Medicine, donated 1 million yuan to the Chinese Academy of Sciences for the establishment of a field science award. Yang Rudai, vice chairman of the CPPCC National Committee, attended the donation ceremony on 11 December in the Great Hall of the People; and so did vice chairmen of the National People's Congress [NPC] Standing Committee Wang Guangying, Cheng Siyuan, and Lu Jiaxi. (Beijing XINHUA Domestic Service in Chinese 0826 GMT 11 Dec 94)

Wang Bingqian Attends Environmental Forum—The Environmental and Resources Protection Committee of the NPC sponsored a forum on the protection of environment and resources under the new situation in Zhangjiakou City, Jiangsu, the other day. NPC Vice Chairman Wang Bingqian spoke, calling for paying

attention to balancing economic development and environmental protection. (Beijing Central Television Program One Network in Mandarin 1100 GMT 11 Dec 94)

Bo Yibo Incribes Book of Model Heroes—The Central People's Broadcasting Station's year-long series "Models and Heroes of China" will come to an end soon. The book *Models and Heroes of China*, whose title was inscribed by Comrade Bo Yibo, will soon be published. (Beijing Central People's Radio Network in Mandarin 2230 GMT 11 Dec 94)

Zou Jiahua Attends Signing Ceremony—The China National Technology Import and Export Corporation today signed a contract worth over \$100 million with an Italian company for the import of a set of synthetic ammonia and urea production equipment for the Nanjing Chemical Industrial Corporation (Group). Vice Premier Zou Jiahua attended the signing ceremony. (Beijing XINHUA Domestic Service in Chinese 1347 GMT 12 Dec 94)

Jiang Zemin Sends Wreath on Death of Hans Miller—Comrade Hans Miller [name as transliterated], 79, an outstanding internationalist fighter, a member of the CPC, a member of the CPPCC National Committee, and adviser to the Beijing Medical College, died of myocardial infarction on 4 December. Hans Miller was a Chinese citizen of German descent. (Beijing Central Television Program One Network in Mandarin 1100 GMT 12 Dec 94)

Zhu Rongji Attends Opera Performance—Highlights from operas were performed in Nanjing yesterday as the culmination of activities in Jiangsu marking the centenary of Mei Lanshang and Zhou Xinfang. Zhu Rongji, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice premier, who was on an inspection tour in Nanjing, and provincial leaders including Chen Huanyou, Zheng Silin, Gu Hao, and Yu Xingde watched the performance. (Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 14 Dec 94)

Li Ruihuan Attends Exhibition—An exhibition on Li Xiongcai, a great master of traditional Chinese painting, opened today in Beijing. Li Ruihuan, chairman of the CPPCC, visited the exhibition. (Beijing XINHUA Domestic Service in Chinese 0653 GMT 14 Dec 94)

Li Lanqing Greets Investment Seminar—A seminar on "improving the pattern of foreign investment" sponsored by JINGJI RIBAO and Hong Kong's ECONOMIC HERALD opened in Beijing today. Vice Premier Li Lanqing sent a congratulatory letter to the seminar in which he noted that China's general policy is to provide positive and effective guidance on the use of foreign investment and improve the pattern and performance of such investment. (Beijing XINHUA Domestic Service in Chinese 0721 GMT 15 Dec 94)

Jiang Zemin, Li Peng, Qiao Shi, Qian Qichen Inscription—Party and state leaders Jiang Zemin, Li Peng, Qiao

Shi, Li Ruihuan, and Qian Qichen inscribed for the 45th anniversary of the Chinese People's Institute of Foreign Affairs. Comrade Jiang Zemin's inscription reads: "Promote people's diplomacy, makes friends with people all over the world, promote mutual understanding, and enhance friendship and cooperation." Comrade Li Peng's inscription reads: "Unfold people's diplomacy and create a favorable international environment." Comrade Qiao Shi's inscription reads: "Develop people's diplomacy, enhance mutual understanding and friendship, and safeguard world peace." Comrade Li Ruihuan's inscription reads: "Analyze and utilize diplomacy's distinctive characteristics and advantages in promoting cooperation and friendship." Comrade Qian Qichen's inscription reads: "Make the most of the strengths of people's diplomacy in the service of reform and opening up." (Beijing XINHUA Domestic Service in Chinese 0747 GMT 14 Dec 94)

Bo Yibo Greets Consumer Complaints Seminar—ZHONGGUO ZHILIANG WANLI XING ZAZHI [10,000-LI QUALITY TOUR of CHINA JOURNAL 0022 0948 6347 6852 8001 6869 5887 7177 1807] sponsored a seminar on its complaints cards and the readers' enthusiastic responses in Beijing today. Bo Yibo, honorary president of the journal, sent a letter to the seminar, saying the journal is doing a great service for enterprises and consumers alike with its complaints cards. Since its inauguration two years ago, the journal has enclosed a complaints form in every issue for readers to file a complaint with the China Consumers Association or the Organizing Committee for 10,000-LI QUALITY TOUR of CHINA. Over the past two years the journal's editorial department received over 500 and branches of the consumer association, over 3,000 returned complaints cards. (Beijing XINHUA Domestic Service in Chinese 0945 GMT 15 Dec 94)

Peng Peiyun, Song Ping Attend Family Planning Meeting—The fifth meeting of the third board of directors the China Family Planning Association [CFPA] closed in Beijing today. Peng Peiyun, state councillor and minister in charge of the State Family Planning Commission, addressed the closing session. She noted that China's birth rate dropped to 18.9 per thousand in 1993 and, according to returns on sample surveys, remained at this level in the first 10 months of 1994. CFPA President Song Ping also spoke at the closing session. (Beijing XINHUA Domestic Service in Chinese 1051 GMT 15 Dec 94)

Li Tieying Attends Opera Performance—The China Federation of Literary and Art Circles and the China Central Television jointly sponsored an opera performance in Beijing on 14 December. Leading comrades including Li Tieying attended the performance. (Beijing Central Television Program One Network in Mandarin 1100 GMT 15 Dec 94)

Yang Rudai, Others Attend Ceremony—Construction on a gas and alkali production project to assist resettled

local residents of the Three Gorges project started 14 December in Wanxian County, Sichuan Province. Yang Rudai, vice chairman of the National Committee of the CPPCC; Gu Xiulian, minister of chemical industry; and Xie Shijie, secretary of the Sichuan provincial CPC committee, laid foundation for the project. (Beijing XINHUA Domestic Service in Chinese 1402 GMT 15 Dec 94)

Qian Qichen Meets U.S. Journalists—State Councillor Qian Qichen met Feng Di, president of U.S. English monthly "CHINA NEWS," and its Chief Editor Xu Jingren this afternoon. He had a cordial conversation with them. Zeng Jianhui, director of the Information Office of the State Council, and Deputy Director Li Yuansuo were present at the meeting. Feng Di and Xu Jingren are currently on a visit to Beijing at the invitation of the Information Office. (Beijing XINHUA Domestic Service in Chinese 1407 GMT 15 Dec 94)

Plan Urges Regions To Administer Own Affairs

HK1912060094 Hong Kong SOUTH CHINA MORNING POST in English 19 Dec 94 p 8

[By Zhang Weiguo]

[FBIS Transcribed Text] Two political theorists have come up with a 10 point plan on how to reform the strained relationship between Beijing and the regions. The suggestions were made by Dr Zheng Yongnian of Princeton University in the United States and mainland scholar Wu Guoguang in a joint thesis examining the relationship between the central and regional authorities. Their thesis looked at the increasingly tense relationship and traced the impact economic reform had had on it.

The paper urged Beijing to review the current set-up which the two scholars said could no longer meet the needs of Chinese society. Instead of recentralisation through administrative fiat, such as recalling economic powers delegated to regions, or demanding greater financial contributions to the central coffers, the scholars urged Beijing to practise "regional democracy". They pointed out that with the death of more revolutionary leaders, Beijing would inevitably face a legitimacy crisis.

Through "regional democracy"—under which regional leaders would be chosen through elections—the central Government could re-establish authority. "Political stability can only be possible if the regions have full authority in administering their own affairs," the paper said. "Monopoly [of regional affairs] by the centre will only elevate conflicts with the regions to a national level." The paper argued that Beijing should establish a "systematic relationship" in areas such as property ownership, finance, military and foreign diplomacy.

The 10 suggestions are:

—Establishment of a "regional affairs office" under the National People's Congress to research, co-ordinate

and study regional issues, such as finance. The office will be made up of Regional People's Congress members who are chosen through elections.

- Economic and culturally developed regions such as Shanghai, Guangdong, Shandong and Hainan should start drafting the "regional basic laws".
- The central Government should set up representative offices in major cities to help carry out its duties, such as tax collection.
- Extend the preferential policies which have been introduced in the coastal provinces in the past 15 years to inland provinces.
- Channel investment and talents to the less-developed central and western regions through incentives such as taxes, financial leverage and social benefits.
- Allow foreign governments to exchange economic representatives.
- Transform the Chinese Army into a professional army. Separate the army from the regional governments by preventing military officers doubling-up as government cadres.
- Profit-making businesses of the Army should be converted into civilian businesses. The central Government can compensate the Army.
- Reorganise administrative regions.
- Organise direct elections at the county level.

Wang Dan in Hiding Over Police 'Harassment'

HK1712080394 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 10

[By Dick Chan]

[FBIS Transcribed Text] A former student leader has gone into hiding to escape harassment by Beijing police, according to other dissidents. Last week, Wang Dan filed a lawsuit with the Beijing Intermediate Court alleging severe breach of his human rights, and vowed to send pleas to world leaders and the United Nations.

But he was forced to leave home two days ago and hide at an unknown address to avoid police threats, according to respected dissident scientist Xu Liangying. "He (Wang Dan) contacted me by phone two days ago, saying that he had no choice but to leave home, fearing for the safety of himself and his family," Mr Xu said.

Mr Xu, who led a group of 22 intellectuals to write an open letter demanding an end to the harassment, said neither their joint effort nor Mr Wang's complaints had resulted in any positive response from the Government. "We have yet to receive any response from the National People's Congress and cannot see any improvement in the police action after sending the petition a week ago," he said.

He added: "It was impossible for him to live a normal life under those conditions. The police would chase and taunt him whenever he went out of his house. There was absolutely no point to the behaviour." But Mr Xu refused to say under what circumstances Mr Wang would return. "I don't know how long he will stay away. But I think the key to solve the problem is that the police should stop their harassment." he said.

Imprisoned Journalist Gao Yu Appeals to Court

HK1712081994 Hong Kong EASTERN EXPRESS in English 17 Dec 94 p 7

[By Bruce Gilley]

[FBIS Transcribed Text] The jailed mainland journalist Gao Yu yesterday appealed against a court verdict sentencing her to six years in prison last month for leaking state secrets. Speaking from Beijing, Gao's husband, Zhao Yuankang, said he submitted an appeal to the Beijing Supreme Court, where a court official accepted it without comment. The appeal had been prepared with the help of the couple's lawyer, Zhang Sizhi, who handled a number of cases of political dissidents following the 1989 Tiananmen Square massacre.

Gao, 50, who was the editor of a pro-reform newspaper which was shut down, was jailed for 15 months after the crackdown. The appeal lodged yesterday claims that none of the articles Gao wrote for Hong Kong publications after she was released contained any state secrets.

It also criticises the original verdict for failing to indicate what secrets had been leaked. The handling of the original case by the Beijing Intermediate Court is also criticised. Gao was tried in secret in early November, without her lawyer having been notified. This came after a series of mistrials caused by a lack of evidence, which prompted the human rights group Amnesty International to claim the case was handled with "blatant unfairness". The appeal rejects the guilty verdict and calls for Gao's immediate release.

Zhao said he expected a decision within a week, and would make the contents of the appeal public at that time.

Although not mentioned by name, it is believed that two articles Gao wrote for the Hong Kong-based MIRROR MONTHLY [CHING PAO] in March and April last year were the cause of the charges. Two payments totalling \$800 from the magazine were listed as "illicit money" in the prosecution statement, and police later told Zhao directly that these were the offending reports. China has defended the magazine, run by a local pro-Beijing figure. Editorials in the Beijing-backed WEN WEI PO newspaper said Gao was sentenced because of the way she obtained her information.

A former official at the general office of the Chinese Communist Party's central committee, Gao Chao (no relation), was charged with passing to her confidential

information about civil service reforms and a military meeting. The disclosure of the contents of one document, *Speeches from the Plenary Session of the Party Central Military Commission*, is believed to have enraged general secretary Jiang Zemin, the commission heard.

"It is not a crime to report on a public speech made by Jiang Zemin," Zhao said yesterday. "In most cases, he was simply repeating the words of Deng Xiaoping. Don't we have a campaign underway to study the speeches of Deng Xiaoping?" Gao was taking the blame for the Chinese government's wavering on what constitutes a state secret, Zhao charged.

The original court verdict made no indication that the reports constituted a threat to national security, a necessary condition to be convicted for leaking state secrets. "If they cannot decide what is a state secret, that is their problem," Zhao said.

Inmate Describes Conditions in Beijing Prison

HK1812043094 Hong Kong HONG KONG STANDARD in English 17 Dec 94 p 6

[By Amy Liu]

[FBIS Transcribed Text] A political activist claims he met two others, Kang Yuchun and Liu Jingsheng when all three were detained in Qincheng Prison, a Beijing jail mainly for political prisoners. The activist, surnamed Wang, told THE HONGKONG STANDARD he had been jailed in Qincheng Prison for about a year on political charges.

He said Kang had expressed sorrow at the crackdown on their pro-democracy movement in which a dozen activists were arrested one after another. He quoted Kang as saying that state security officials had arrested him on 30 May 1992 and sent him to Qincheng nine days later. Kang has a Master's degree from the Chinese Medicine Research Institute in Beijing and became a doctor in the city's An Ding Hospital.

Mr Wang said Kang was later transferred to the Banbuqiao Detention Centre and was not allowed to talk to other prisoners. Since then, Kang—who was given the daily task of cleaning the floors—had drastically lost weight. Mr Wang said Kang's face had bled heavily when he was ordered to pull his own beard out by the roots. "With his heavy beard Kang suffered more than others. Blood covered his face when his beard hairs were pulled out one by one," Mr Wang recalled.

He said Liu Jingsheng, who was involved in an anti-government magazine called EXPLORE, appeared pale and thin when they met in Qincheng. He said Liu advised him to endure being bullied in jail. He expressed regret that he had not bought his beloved son a table tennis paddle before he was detained on 28 May 1992.

Further on Jail Terms for Political Activists

HK1812061294 Hong Kong MING PAO in Chinese 17 Dec 94 p A2

[Report: "Beijing Sternly Punishes Nine Counterrevolutionaries and Sentences One to 20 Years in Jail"]

[FBIS Translated Excerpt] Yesterday, China gave sentences to nine students, teachers, and workers charged with counterrevolutionary crimes. The sentence on Hu Shigen, a former teacher at the Beijing Foreign Languages Institute, was 20 years in jail, which is the most severe punishment since 1989. It shows that China has not loosened its grip on pro-democracy activities.

According to a spokesman for the Beijing Intermediate People's Court, 37-year-old Hu Shigen was a former teacher at the Beijing Foreign Languages Institute and was sentenced to 20 years' imprisonment for counterrevolutionary crimes. The term is longer than the 13-year prison term given to Chen Ziming and Wang Juntao, who were accused of being "backstage manipulators" of the pro-democracy activities in 1989 and who were recently released for "medical treatment."

Court information shows that:

Kang Yuchun, 28, former doctor at Beijing's Anding Hospital, was sentenced to 17 years in jail.

Liu Jingsheng, 39, a worker from the Tongyi Chemical Reagent Factory, was sentenced to 15 years in jail.

Wang Guoqi, 30, unemployed, was sentenced to 11 years in jail.

Sentenced to five years in jail were Zhang Chunzhu, 41, unemployed; Wang Tiancheng, a former lecturer at the Department of Law of Beijing University; Chen Wei, unemployed; and Lu Zhigang, a former student at the Department of Law of Beijing University.

Rui Chaohuai, 23, a former worker at the Beijing Municipal Construction Materials and Machinery Factory, was sentenced to three years in jail.

Li Quanli, 42, a former worker at the Beijing Municipal Auto Appliances Factory, was given two years on probation.

The spokesman for the Beijing Intermediate People's Court said that those sentenced can appeal within 10 days, but even if they do, they have no hope of reversing the sentences.

Another five persons involved in the same case have been released and they are: Chen Qinglin, a former cadre of the Hangu Saltern Meteorological Station of Changlu, Tianjin; Zhang Guojun, an individual entrepreneur; Xu Dongling, a former worker at Beijing's Haiding District Dongbeiwang Papermaking Factory; Xing Hongwei, a cadre from Chengdu's Jianjiang Coal Mine in Sichuan; and Wang Peizhong, a student of the Scientific Research Institute of Petroleum Prospecting and Development.

A notice stuck on the door of the court read: "The reason the Beijing Intermediate People's Court has publicly announced the sentences of the 15 persons, including Hu Shigeng, is because they organized and led a counterrevolutionary group and actively participated in counterrevolutionary organization and in activities of counterrevolutionary propaganda and incitement." This is the largest trial since China's military crackdown on the pro-democracy activities in 1989.

The indictment by the subdivision of the Beijing Municipal People's Procuratorate stated that the defendants Hu Shigen, Kang Yuchun, Liu Jingsheng, and Lu Zhigang organized a counterrevolutionary group and engaged in counterrevolutionary propaganda and incitement; defendant Wang Guoqi organized and led a counterrevolutionary group; defendants Gao Yuxiang, Wang Peizhong, and Wang Tiancheng were active members of a counterrevolutionary group and actively participated in counterrevolutionary propaganda and incitement; defendants Chen Qinglin and Li Quanli were active members of a counterrevolutionary group; and defendants Chen Wei, Rui Chaohuai, Zhang Chunzhu, Xing Hongwei, Xu Dongling, and Zhang Guojun engaged in counterrevolutionary propaganda and incitement. The cases have been investigated and concluded by the Beijing Municipal Public Security Bureau and have been referred to this procuratorate for trial and prosecution.

During the trial, the two exits of the Beijing Intermediate People's Court, which is located on Babao Hill, were heavily guarded by public security personnel and none of the defendants' relatives was allowed to hear the trial. A family member of a certain defendant said: "I am very angry. I never thought the sentence would be so severe." Another relative said: "We did not know whether or not they were still alive until we were asked by the authorities to give them money and supplies." [passage omitted]

Police To Use High-Tech To Crack Down on Crime

*OW1812132694 Beijing XINHUA in English 1259
GMT 18 Dec 94*

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—Chinese police is poised to use hi-tech means to crack down on the increasing criminal offenses featuring high intelligence, says top public security officials.

Speaking at a national police conference here today, Li Runsen, minister assistant of public security, said that Chinese police will resort to advanced detective techniques and modernized telecommunication equipments, to scout law offenders.

"It is the only way to assist China's shorthanded police force," he said.

China now has more than 10,000 specialized technicians in its police force, or slightly over 10 percent of the total, statistics show.

"Their technical inventions have been proved definitely helpful in works of the police," said Chen Zhengling, director of the Technology Department under the Public Security Ministry.

A "Seal Distinguishing Computer System", designed by the ministry, has been widely applied by banks in Shanghai, China's biggest economic center, and accomplished an economic return of more than three million yuan (353,000 U.S. dollars) by detecting fake notes, according to the director.

Meanwhile, the "DNA Fingerprint Identification Technique", also developed by the ministry, is now being used by police in more than 20 provinces and cities across the country. In Beijing alone, it has helped solve over 1,400 difficult cases.

In another development, Chen said, a nationwide telecommunication network linking all the local public security services has taken shape.

"Information libraries that record criminal resumes and population changes have helped raise working efficiency as well," Chen said.

Despite the noteworthy achievements, Chen acknowledged that those techniques are still far from getting popularized due to the shortage of funds and poor educational backgrounds of the policemen.

She urged local governments to embark more money into technical progress of the police to upgrade the public security system.

Besides, the ministry has decided to take on new staffs from college and university students to improve quality of the country's police ranks.

Criminal Information Center Begins Operations

*OW1812132294 Beijing XINHUA in English 1249
GMT 18 Dec 94*

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—The China Criminal Information Center (CCIC), a computerized national network aiming to provide police with rapid and trans-provincial service on searching for criminals, will go into trial operation within days, the Public Security Ministry said today.

Eleven provinces along the country's eastern coastal lines and municipalities, including Beijing, Shanghai, Tianjin and Guangdong Province, will be covered in the trial, said Xie Yiping, deputy director of the Computer Management and Supervision Department under the ministry.

"The system for the time being will focus on two targets: The criminals at large and lost vehicles," he said, explaining that those who flee thither and tither to commit offenses or migrant rural laborers have been involved in most of the crimes.

Some 60 to 70 percent of such cases are relevant to them, statistics show.

Robbery and stealing of motor vehicles are rampant in coastal regions, the ministry official said. "They led to 1 billion yuan (128.2 million U.S. dollars then) of direct economic loses in China in 1993 alone."

The new system of the CCIC will beef up police's mobility to react, greatly upgrade its efficiency and maintain a better control over the migrant population in the effort to curb trans-regional crimes, the official claimed.

Other law-enforcement bodies in the country like the courts and procuratorates can also make use of it, he said, further highlighting that it will also be available to the Interpol through its subdivision in China.

The center, built by the Public Security Ministry, has its data collected from police stations, prisons and custodies throughout the country, and is shared by polices in these regions.

The whole system is expected to cover the country by the end of next year, Xie said.

Communications satellites and the digital data network will be deployed next year to increase speed and guarantee the transmission quality, he said.

Government To Reduce Payroll by 2 Million in '95

HK1812084494 Beijing CHINA DAILY in English 17 Dec 94 p 1

[By Cao Min: "State To Cut 2M Jobs in Year-long Slim Plan"]

[FBIS Transcribed Text] The government is to cut over 2 million employees next year through streamlining its administrative structure, officials signalled yesterday.

The Ministry of Personnel plans to implement the Organizational Reform Programme proposed by China's cabinet, the State Council.

The cuts, to affect all government offices, should be achieved by the end of next year.

Similar reforms will also affect over 1.3 million government-subsidized institutions, whose current workforce exceeds 26 million.

Officials say the cuts could reduce the number of such organizations by 10 per cent.

The cuts-programme was confirmed at a conference on personnel reform and governmental restructuring, which opened yesterday in Beijing.

It follows the decision taken at the First Session of the Eighth National People's Congress in March last year.

China's Minister of Personnel, Song Defu, said the ministry's major task next year is to enforce the agreed reforms at provincial and county levels.

"The coming year is the crucial deadline for this reform," Song said.

This year has seen departments under the State Council trim their size by 7.7 per cent and cut staff by 20 per cent, according to Li Shizhong, vice-director of the General Office of the State Council's Central Organizational and Institutional Commission.

Provincial governments have trimmed over a quarter of their departments and at least one-fifth of staff, Li said.

Those ex-officials with working experience and professional expertise will be encouraged to work in enterprises or the service industry.

And local government at all levels are being encouraged to set up social insurance to provide redundant staff with job opportunities or unemployment welfare, Song said.

Song also said that the ministry would expand the new civil service system to county and township levels after it has been fully set up in the central and provincial governments.

To improve efficiency among State employees, the government will replace unqualified workers with staff who have passed open exams, the personnel minister said.

"We should establish a new management system, under which office workers or officials are selected according to their integrity, ability and dedication," Song said.

The new social insurance system, including pension and medical care, would be established step by step, Song said.

Cadres Resist Job Reductions

HK1912083694 Hong Kong HONGKONG STANDARD in English 19 Dec 94 p 6

[By Pamela Pun]

[FBIS Transcribed Text] Resistance by cadres is threatening plans to axe one in five government jobs in Fujian province. The mass redundancy program follows a directive from Beijing to cut two million officials from the sprawling Chinese bureaucracy across the country by the end of next year.

The move is intended to reduce government intervention in business and curtail the inflationary public budget as China moves from a state-run to a market-oriented economy. But the ruling communists face stiff opposition from officials they plan to make redundant.

Authorities in Fujian said they had set a target of cutting 20 per cent of the more than 160,000 staff in provincial departments by the end of March, provincial party chief Jia Qinglin revealed yesterday. "Resistance by cadres

will be a major obstacle to the ongoing personnel restructuring," the party chief said. The laid-off officials are expected to find new jobs in boom sectors such as commerce and industry, including Sino-foreign joint ventures, he said.

Minister of Personnel, Song Defu, told a conference on government restructuring in Beijing that "the coming year is the crucial deadline for this reform". The cuts of two million staff from administrative jobs would affect all government offices and should be completed by the end of 1995, official reports said. The reports did not reveal the number of China's civil servants, most of whom are employed under a system that used to guarantee lifetime jobs.

Similar reforms would also be implemented in 1.3 million government-subsidised institutions whose current workforce exceeds 26 million, with a target of cutting their staff by 10 per cent next year, the reports said. Great importance was attached by Beijing to the restructuring of the functions of provincial departments.

New Civil Servant Training Center Built

*OW1812153994 Beijing XINHUA in English 1512
GMT 18 Dec 94*

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—The construction of a new base for the China's Top-Ranking Civil Servant Training Center was completed in Beijing today.

The center is the first of the sort in the country built to train the civil servants in the central and local governments and the high-ranking management officials in enterprises and institutions.

Since its founding six years ago, the center has provided more than 60 short-term training courses and trained over 3,000 government officials, playing an important role in establishing the civil servant system and in the reform of China's personnel system in enterprises and institutions.

College Graduates Advised To Lower Expectations

*HK1912065594 Beijing CHINA DAILY in English 19
Dec 94 p 1*

[By He Jun: "Graduates Told to Face Challenging Job Market"]

[FBIS Transcribed Text] Guangzhou—A record 895,000 students will graduate next year from China's 1,075 universities and colleges, 38 per cent more than that of 1994.

The college graduates will have no problem finding jobs but are being advised to lower their expectations due to unbalanced demand and supply.

Total demand is still larger than supply, despite low economic efficiency in some State-owned enterprises

and governmental streamlining efforts. Demand for graduates by such major employers drops in some areas.

That was revealed at a two-day national conference on graduates assignment, which was sponsored by State Education Commission (SEC) and concluded over the weekend in Guangzhou, Guangdong Province.

Though both employers and students have been granted great freedom in choosing their favorite jobs, students in China still have to be "assigned" to the post they find by their school authorities.

Another factor leading to the imbalance between demand and supply is that the fast expansion of Chinese colleges in the past few years has failed to adjust the education structure to suit social demand, according to Wang Zhichang, director of the SEC division of college students.

Most of the class '95 student increases come from three-year vocational colleges and some general majors such as literature, secretary management and natural sciences—demand in these areas declines most significantly.

But the highly-desired students in application technologies and business have not increased as training such students requires more equipment and more experienced teachers, he added.

He suggested all class '95 students lower their job expectations, though demands for those with bachelor or higher degrees are still high.

Students in most demand next year will be those in architecture, machinery, electronics, communications, finance, trade, accounting and foreign languages.

About 5,100 agreements have been signed at the conference between schools and such units.

Commission Issues Circular on School Safety

*OW1612153094 Beijing XINHUA in English 1522
GMT 16 Dec 94*

[FBIS Transcribed Text] Beijing, December 16 (XINHUA)—China's State Education Commission issued an emergency circular today, urging all schools to exert themselves to ensure the safety of students.

The circular came following the December 8 fire tragedy in Northwest China's Karamay city, which resulted in the death of nearly 300 school pupils.

The circular called on education departments at all levels to give serious consideration to emergency procedures in schools and learn a sober lesson from the fire tragedy in Xinjiang.

All kinds of schools nationwide will promote a thorough checkout of their emergency systems on campuses, including classroom buildings, auditoriums, dormitories

and dining halls, the notice said, adding that they will mainly check the fire control measures.

The notice also emphasized that extracurricular activities should be organized strictly and that safety be put at the top of the list.

Care Plan for Elderly Seeks Private Funds

HK1912070094 Beijing CHINA DAILY in English 19 Dec 94 p 2

[By Tan Hongkai: "Care Plan for Elderly Seeks Cash and People"]

[FBIS Transcribed Text] A new care-deal for China's swelling elderly population was signalled at the weekend.

"China Comfort Project for the Aged", initiated by the China Charity Federation (CCF), seeks to attract private cash and recruit an army of voluntary helpers to a major programme to ease mounting pressure for caring the aged.

The Federation, headed by Cui Naifu, former Minister of Civil Affairs, said in Beijing that his former Ministry has approved the project.

It will target contributions to finance care-schemes for the old across the country to meet a glaring shortfall between need and provision.

Yan Mingfu, a consultant to the Federation and Vice Minister of Civil Affairs, said the programme had four main aims.

- It would seek to attract private funds to build sheltered housing for the elderly in large and middle-sized cities.
- It would introduce a programme of hospitals dedicated to caring for the old and providing hospice care.
- And it will finance social services dedicated to caring for the elderly living alone.
- Furthermore, Yan says, the whole project will be underpinned by a massive volunteer force dedicated to looking after the increasing elderly population.

The Federation also revealed plans to build the China Beijing International Eden of Longevity in Xiaotangshan in Changping County in Beijing.

The 100-million yuan projects expected to be finished in 1996 and provide hospice care, recreation and rehabilitation services for both Chinese and foreign elderly.

Its building and management will be independent of the government and will be listed for share-holding.

Investors include the CCF and the industrial corporations of Yanxing, Huaneng and Great Wall.

CCF says it already plans to build another similar facility in Guangzhou.

Cui Naifu said the projects are being seen as a way to widen the channels of finance to meet the growing demand for care.

Cui said the federation will seek to finance 30 social welfare facilities and establish 10 hospices for homeless orphans next year.

Government To Monitor Marriage Broking Agencies

HK1812085094 Beijing CHINA DAILY in English 17 Dec 94 p 3

[By Liang Chao: "Marriage Fixing To Be Monitored"]

[FBIS Transcribed Text] The central government is set to take practical measures against profit-oriented match-making agencies that arrange marriages between Chinese and foreigners or overseas Chinese.

A draft of the proposed regulation was said to have been submitted to the State Council, China's highest governing body, for examination and approval, an official with a department of the Ministry of Civil Affairs disclosed.

But the official, who declined to be named, made it clear that the proposed rule is to protect the interests of individual Chinese involved in such marriages, not to limit the ever-expanding number of marriages between Chinese and foreigners or overseas Chinese.

The number of such overseas marriages has increased steadily with China's reforms and opening-up policies.

In the past five years, 120,000 such marriages have been recorded on the mainland, mostly between Chinese women and overseas Chinese from Hong Kong, Macao and Taiwan.

Annually, about 2,000 Chinese on the mainland were registered to get married to foreigners. By 1993, the number of such registered marriages reportedly exceeded 30,000.

The proposed measures are expected to discourage unauthorized agencies from illegally engaging in marriage arrangements for financial gain, the officials said.

Many illegal match-making agencies boasted that they are able to help Chinese women who are eager to find overseas spouses.

In Guangzhou, capital of thriving Guangdong Province in South China, more than 200 such overseas match-making agencies have sprung up in the last few years.

In the city, a woman who signs up with an agency has to pay a registration fee of 400 yuan (\$47) or more. They then must wait for a date to be arranged by the agency, according to local reports.

But many clients have complained that they have been cheated because the so-called match-makers cannot keep their promises after charging clients.

To put a stop to this practice, local authorities started screening such agencies this year.

Over the past few months, the business licenses of some of Guangzhou's 200 match-making agencies have been revoked.

Beijing civil affairs authorities and other municipal departments have examined 10 of the city's major overseas match-making agencies. And officials are confident that the alleged mercenary marriages involving Chinese citizens and overseas parties have been brought under control.

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Science & Technology

Firms Granted Special Rights To Encourage Research

HK1812084794 Beijing CHINA DAILY in English
17 Dec 94 p 2

[By Sun Hong and Cao Min: "China Coddles Enterprises With Techological Skills"]

[FBIS Transcribed Text] China has granted preferential rights to 100 domestic enterprises, encouraging them to develop technology research centres.

Certificates for such special rights were issued recently in Beijing by the State Economic and Trade Commission (SETC), the State Administration of Taxation and the General Administration of Customs.

Accredited enterprises include such well-known domestic names as Baoshan Iron and Steel Corp, Dongfeng Automobile Corp and the Founder Group, a software developer launched by Beijing University.

They will enjoy special treatment in tax priorities, customs duty advantages and other privileges in introducing foreign advanced technology, said Jiang Luan, director of technology and equipment department at SETC.

The establishment of high-level enterprise technology centres is a crucial strategy in encouraging more new

high-tech to directly serve production and the market economy and sharpening domestic enterprises' competitiveness, said Jiang.

In a bid to lay the foundation for future development of large-scale Chinese conglomerates, the enterprises are encouraged to play a key role in technology development and transference, Jiang said.

Enterprises currently are relatively weak forces in technology development, since about two-thirds of China's scientists and engineers work in independent research institutes and universities.

By the end of last year, only half of the 18,663 large and medium-sized state-owned enterprises in China had set up their own technology development departments or institutes, Jiang said.

Official statistics show that last year, there were only 414,000 employees working on technology development in these enterprises. This is an average of about 22 people per enterprise. The combined spending on technology development stood at 24.86 billion yuan (\$2.92 billion), or \$157,000 for each enterprise annually.

The current scientific and technological system was largely copied from the Soviet model, which separated research and development of applied technology from enterprises and the market.

Ministry Wants Control of Internet 'Domain Name'

HK1912065494 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 19 Dec 94 p 4

[By Ted Plasker]

[FBIS Transcribed Text] China's Ministry of Posts and Telecommunications (MPT) plans in the next few weeks to establish its first direct commercial link to Internet, the international "network of computer networks" that links about 30 million users worldwide and continues to grow at an astonishing rate. But, to the considerable chagrin of officials at the ministry, Internet's country-level domain name for China has been assigned to another organisation, namely the Chinese Academy of Sciences (CAS) which, in May, initiated its own direct Internet link for scientific and academic users.

The ministry will now have to apply to CAS for a subordinate-level domain indicator within the country-level China domain. According to sources, the ministry considers it highly inappropriate that the national domain name should belong to anyone else, and wants very badly to take control of it. But, according to people who manage Internet, the ministry stands little chance of succeeding. "Domain names are assigned on a first-come, first-served basis. In China's case, CAS came first and the China name was delegated to it.

"As long as CAS behaves appropriately and does not screw up, MPT will not be able to take it away," said David Conrad, Tokyo-based manager of Internet's Asia-Pacific network information centre. "So far, CAS has been doing just fine with it." Appropriate management of a domain name consists only of responding promptly to anyone applying to register an Internet address within the domain, and not charging other users above cost for providing access.

Experts said that contrary to the apparent misperceptions of the ministry, possession of the domain name could not be used to control other users. Far from being a privilege, it is an obligation to provide service. "I tried explaining this to people in the MPT and they do not seem to quite understand it," Mr Conrad said. On a technical level, the ministry already has control anyway.

The two-part link-up between CAS and Internet goes first through a ministry-provided connection up to a satellite and then, through a line leased to CAS by US telecommunications company Sprint, down to an Internet gateway in the US.

Should China or the ministry for any reason ever wish to cut the connection, they are fully capable of doing so. The annual cost breakdown for the various segments of the connection is US\$40,000 to Sprint, \$10,000 to Internet for port fees, and about \$80,000 to the ministry, according to Professor Qian Hualin, deputy director of the CAS Department of Computer Networks.

The link forms the heart of Beijing's foremost academic computer network, which connects more than 30 CAS research institutes and the campus networks of Beijing and Qinghua Universities. Formally named the National Computing and Networking facility of China (NCNF), it is more commonly referred to as the Zhong Guan Cun Network, for the Beijing neighbourhood where CAS is based.

Sources who know the NCNF network confirmed that the posts ministry refused for several months to supply its portion of the connection and agreed to do so only after intervention from top-level officials at CAS. The ministry's dedicated line to Internet for commercial users is also arranged through Sprint and is due to begin operation on or shortly after January 1.

What has not been arranged is the price structure the ministry will offer its users. Nor has it made it clear whether it will require all other users to access Internet through its own link. Mr Qian said: "We are not concerned with control or anything else ... so we would gladly go through MPT."

Military

Chengdu, Jinan Military Region Leaders Retire

HK1712075894 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 10

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] Two senior regional officers have stepped down in an apparent sign that People's Liberation Army (PLA) has strengthened the implementation of retirement rules. However, senior generals seen by patriarch Deng Xiaoping as a key to ensuring a smooth transaction are likely to stay on to help bolster the position of Deng protege President Jiang Zemin.

The commander and political commissar of the Chengdu and the Jinan military regions, respectively General Li Jiulong and General Song Qingwei, retired recently. Both had just reached 65, the normal retirement age for senior officers. They have been replaced by two rising stars in the PLA.

Major-General Kui Fulin, who was promoted to Assistant Chief of the General Staff in 1992, has taken over the strategic Chengdu command, which covers Tibet. General Song, who first assumed his Jinan position in 1987, has been replaced by Lieutenant-General Du Tie-huan, who had been a vice director of the General Political Department since 1993. In the autumn, a few top officers in the Air Force also retired in the interest of rejuvenation.

Military analysts said however, that it was unlikely Mr Deng or Mr Jiang would strictly implement the retirement rule in the top echelon, particularly the policy-setting Central Military Commission (CMC), of which Mr Jiang is Chairman. Both the vice-chairmen of the CMC, General Liu Huqing, 78, and General Zhang Zhen, 80, are well past retirement age. General Liu, who is the Army's representative on the Politburo Standing Committee, has been very active in the past year. Army sources said that despite rumours about his impending retirement, it was likely General Zhang would hang on.

Economic & Agricultural

Minister Urges More Autonomy for State Firms

*OW1612140994 Beijing XINHUA in English 1356
GMT 16 Dec 94*

[FBIS Transcribed Text] Beijing, December 16 (XINHUA)—China's reform of enterprises next year will be centered on efforts to separate government and enterprise responsibilities for a more independent management mechanism, a senior economic official said today.

Wang Zhongyu, minister in charge of the State Economic and Trade Commission, told a national working conference on the economy and trade that the focal point of next year's reforms will be a restructuring of the present state-owned enterprise system.

He said that the state will focus its attention on specifying what the responsibilities of government and enterprises are, on making enterprises' management more intense, and on establishing a social security system.

"The government will strive for some breakthroughs in settling key problems that have proven thorny in this field," the minister said.

He said that most of the state-owned enterprises have somewhat increased their economic returns this year by gearing up efforts at improving management.

Latest figures showed that the output value of state-owned enterprises from January to November experienced a 5.2 increase over the same period of last year.

Meanwhile, profit and tax-payments during the period registered a 17.6 percent rise, while year-on-year losses by state-owned enterprises dropped to 27.6 percent in November compared with 79.7 percent in the first quarter of this year.

The government examined and appraised the assets of 100,000 large and medium-sized state firms in preparation for next year's enterprise reforms, Wang said.

In 1995, a hundred state firms will be selected for a pilot reform project in modern management while the same experiment is being carried out in 56 enterprise groups and three companies in which the state holds a majority share, according to the minister.

He said that four aspects of separating government and enterprise responsibilities will be studied as follows:

- Defining the status of investors and finding ways to clearly divide property rights and outline the rights and responsibilities of firms.
- Implementing strategic readjustment of the industrial structure and enterprise structure.
- Improving the debt-asset ratio of firms and increasing their capital stock.
- Making appropriate arrangements for redundant workers in line with the establishment of a social security system.

Zou Jiahua Urges Firms To Upgrade Technology

SK1912041294 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 18 Dec 94

[FBIS Translated Text] During his inspection of Hebei Province from 17 to 18 December, Zou Jiahua, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, stressed that state-owned enterprises should grasp the current favorable opportunities from the state's readjusting of the economic structure in order to achieve technological transformation, promote technological progress, expand scales, upgrade levels, take the road of self-accumulation and development on a snowballing basis, and realize efficiency on the best scale.

Zou Jiahua conducted an on-the-spot investigation of the (Baoshi) Electronic Group Company of Shijiazhuang, the (Diyu) Electronic Corporation of Hebei, and [words indistinct] plant to inquire in detail about and understand these enterprises' prospects for developing products as well as their production and management situation.

Zou Jiahua pointed out: The present readjustment of the economic structure by the state has provided state-owned enterprises with an extremely favorable chance to accelerate the pace of technological transformation and technological progress. Therefore, enterprises should grasp this favorable chance to promote technological progress, to expand scales, and to upgrade levels. It is very important to have good technological transformation projects. However, good technological transformation projects does not equal good efficiency. To realize the best efficiency, enterprises should pay attention to the following aspects:

First, it is necessary to cultivate a contingent of staff members and workers grasping advanced technologies. Second, management must be strict. That is, with these management measures, enterprises can ensure that all production links have regulations to abide by. Third, it is necessary to [words indistinct] grasp quality. [passage indistinct] Fourth, enterprises should carefully study the advanced experiences gained by domestic and foreign enterprises of the same trade, should draw their lessons and setbacks from development, and should avoid detours in the course of development.

After hearing reports made by the leading comrades of the provincial party committee and government on the economic work and the construction of key projects, Zou Jiahua said: Hebei's key power, highway, and basic raw material projects are reasonable. Power and communications will still be bottlenecks affecting economic construction in the foreseeable future for a considerable length of time. So, power and communications projects should still be taken as development priorities in economic construction. The readjustment of the economic structure will not affect the development of these enterprises.

During his inspection of Hebei, Zou Jiahua also inspected the [word indistinct] service area on the Beijing-Shijiazhuang Expressway, the (Dingxing) Overpass, and the (Nanxin) Bridge as well as investigated the on-going [words indistinct].

Stresses Goal of Efficiency

OW1812133594 Beijing XINHUA in English 1312
GMT 18 Dec 94

[FBIS Transcribed Text] Shijiazhuang, December 18 (XINHUA)—China's state-owned enterprises are urged to improve their technical level so that they will be able to achieve a better performance.

Chinese Vice-Premier Zou Jiahua said during an inspection to northern China's Hebei Province from December 17 to 18 that state-owned enterprises should seek opportunities to carry out their technical renovation when China is restructuring its economy so that they can improve their economic efficiency to the best.

Through technical renovations, he said, state-owned enterprises will be able to expand their production scale and gradually embark on a healthy growing way.

Many of China's state-owned enterprises are still striving to pull out of the red, mainly, through technical renovation and an improvement in management systems.

The vice-premier told local officials of the province that state-owned enterprises wanting to have a better performance through technical advances should arm their employees with new technology and make strict management measures.

In addition, he said that state-owned enterprises should pay special attention to quality control and learn from their outstanding counterparts at home and abroad.

The vice-premier visited several enterprises and transport facilities under construction in the province, which surrounds Beijing and Tianjin municipalities, during his trip.

Industry To Target Quality, Efficiency in '95

HK1812083594 Beijing CHINA DAILY in English 17
Dec 94 p 1

[By Sun Shangwu: "Quality, efficiency—Targets Of Reforms"]

[FBIS Transcribed Text] The outlook for China's industrial sector next year is promising—but some thorny problems such as the irrational industrial structure and the lack of development funds will still stalk State enterprises, a senior economic official warned yesterday.

"Great efforts should be made to improve economic quality and efficiency," Wang Zhongyu, Minister of the State Economic and Trade Commission, told the opening session of five-day national conference on economy and trade in Beijing.

He said that government should take measures to prevent feverish industrial growth, as well as signs of sluggish sales.

To achieve that target, Wang's commission next year will aim chiefly at curbing inflation, slowing the sharp increase in consumption funds, restraining fixed asset investment and enhancing supplies.

Industrial enterprises will be encouraged to develop agriproducts like chemical fertilizer, pesticides and farm machinery to support development.

As the macroeconomic control measures now come into effect, the efficiency of State-owned enterprises will be improved, Wang predicted.

So far this year output value of State firms increased by 5.2 per cent over the same period last year and their profits and taxes by 17.6 per cent.

A total of 41.4 percent of State firms are still in red by the end of last month, 8.2 percentage points fewer than the first quarter of the year.

However, Wang said that the irrational industrial structures will hinder the economic development because most of the consumer goods will be oversupplied next year.

Enterprises will continue to suffer from serious stock-piles next year.

Wang told the meeting that China's economic restructuring will focus on the reforms of State enterprises next year.

The State Council has designated 100 State firms and 56 enterprise groups across the country as pioneers for the modern enterprise system.

The government also plans to speed up merger and bankruptcy measures in the industrial sector, through the restructuring process.

To enhance State firms' competitiveness in the market, government departments will be urged to help firms transform their production structure and enhance technological renovation.

Wang blamed some local officials for their excessive demands for loans to develop new projects.

"The focus of the expanded reproduction of enterprises should be put on the technological renovation," Wang pointed out.

He said that the limited development funds will be channeled to developing those key industrial sectors, such as chemical fertilizer and chemical fibres.

Government officials were urged by Wang to take measures to help workers from bankrupted or loss-making firms.

Light Industry Hard-Hit by Austerity Measures

HK1912060294 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 19 Dec 94 p 4

[By Josephine Ma]

[FBIS Transcribed Text] China's light industry has been hard-hit by the tough austerity measures this year, despite the rosy growth figures released by the government. Manager of China National Light Industrial Machinery Corp, Zheng Penfei, said at the weekend that many factories in the sector had been forced to close down this year. "The [economic] environment is not as good as last year," he said.

The company, a supplier of light industrial machinery, saw a debt of about 15 million yuan (about HK\$13.3 million) this year—almost half of its sales.

China National Light is a subsidiary of China National Council of Light Industry. Mr Zheng attributed the debt to the country's tight credit policy, because factories had failed to take loans to pay for machines. The debt mainly

involved state enterprises, which had been stricken by triangular debt, he said. "We have imported machinery from other countries and we need to pay them back. "The only thing we can do now is borrow money from banks and pay the foreign companies first," Mr Zheng said. But he declined to reveal the size of the loan required.

Mr Zheng, who was on a two-day visit to Hong Kong to promote an exhibition on brewing and beverage equipment to be held in Beijing next year, said two joint ventures were scheduled to be set up in the first half of next year to provide one-third of machinery to the Chinese brewing industry. Contracts would soon be signed between two light industrial machinery enterprises in Guangdong and Nanjing and two large German breweries, KHS and Krones. "The domestic demand for beer is rocketing and although we have enough supply of beer, we are badly in need of good quality beer," he said. Many breweries in small counties have not been able to withstand competition.

116 Key Projects To Boost Infrastructure

OW1912085494 Beijing XINHUA in English 0825 GMT 19 Dec 94

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—China has completed 116 large and medium-sized projects this year in an attempt to strengthen the infrastructure, which has been a "bottleneck" in the economy.

An official of the State Planning Commission said today that construction of the state's key projects in 1994 has been better than in past years, with the structure of investment improving.

The 116 projects, costing a total of 85 billion yuan (10 billion U.S. dollars), have mainly covered transportation, telecommunications, energy, and raw materials industries.

Completion of the projects has helped expand the overall length of state railways by 2,200 kilometers and has increased the annual handling capacity of ports by 22.9 million tons.

A total of 12 million new telephone lines were installed across the country this year and the capacity of generation of electricity rose by 11.74 million kilowatts.

Annual mining capacity has also expanded by 10 million tons in the case of coal and over six million tons in crude oil, while the capacity for extraction of natural gas increased by 500 million cubic metres.

Construction of 'Luxury Projects' Banned in '95

OW1912051694 Beijing XINHUA in English 0229 GMT 19 Dec 94

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—The Chinese Government has issued a ban on new luxurious projects for the year 1995, official sources said today.

The state will not approve any new projects involving luxury hotels, office buildings, or villas until the end of next year, an official of the State Planning Commission said. The construction of new entertainment facilities, such as golf courses and race-tracks, will also be subject to the freeze.

The move comes as double-digit growth in fixed-asset investments has led to excessive demand over the past few years. For example, figures show that over 40 golf courses have been constructed or are now under construction nationwide, with a total investment of more than 10 billion yuan (1.18 billion U.S. dollars).

Under present conditions, "launching new luxury projects is obviously inappropriate," the official said. Instead, he added, the government wants to see more funds poured into the infrastructure so as to improve the base of capital construction.

Also, investment in the agricultural, energy, transportation, telecommunications, and raw materials sectors will be encouraged by the government.

SPC Position on Economic Growth, Inflation Cited

HK1912111494 Hong Kong LIEN HO PAO in Chinese
18 Dec 94 p 8

[By Chang Sheng-tai (1728 5110 1486) from Beijing: "State Planning Commission Predicts Next Year's Inflation Rate Will Remain Above 10 Percent"]

[FBIS Translated Text] A State Planning Commission [SPC] official said yesterday that it would be hard to keep the inflation rate in Mainland China below 10 percent next year, and that the SPC and the State Economic and Trade Commission [SETC] would not be merged during the current term of government.

The official said that the high inflation rate which has appeared this year in the mainland is caused by the following factors: The prices of foodstuffs and other consumer goods increased by a big margin; consumption funds were not brought under control; the scale of investment was too large; and grain purchase prices were raised. In particular, food prices increased by the largest margin compared with the prices of other commodities. In June and July this year, floods and drought afflicted many areas, and natural disasters led to further increases in the price of grain and other farm produce and related products (such as cotton and textiles). Prices of consumer durables, such as television sets, did not increase. The preemptive mentality of consumers did not affect prices either.

The official said that curbing inflation is now the most important task in the mainland's economic work. Premier Li Peng called for bringing the inflation rate below 10 percent earlier this year. However, it seemed impossible to reach this target. He expects that next year's inflation rate will still be something between 10 percent

and 20 percent, but not too much above 10 percent. He said that the authorities had not worked out a concrete target for controlling the inflation rate.

This year, in order to control the inflation rate, the Beijing authorities dispatched inspection groups many times to exercise supervision in various localities. The official admitted that these inspections had not achieved notable results, but he stressed: "It is still better to send the inspection groups than not send such inspection groups."

The official said: According to the SPC's position, they do not agree with the concept of high-speed development and stand for substantial growth backed up by improving economic results. In many localities there is a tendency to exaggerate statistics and to make excessive investments in an uncoordinated way. On the surface, the economy is growing rapidly, but in fact this was just a false appearance.

As for the SPC's work targets next year, he said that the most important task is to bring inflation under control. For example, measures will be carried out to control consumption funds and the scale of investment.

He pointed out: Last year, some people proposed that the name of the SPC be changed. Now, nobody talks about this anymore. The SPC will not change its name. Its main task is to exercise macroeconomic regulation and control, while the main task of the SETC is related to the management of routine economic operations. The two institutions are cooperating properly. In the past, they have been merged and divided from time to time. At present, it does not seem necessary to merge the two institutions again, or at least, during the tenure of the current government they will not be merged.

Commentary Stresses Need To Curb Inflation

HK1912080194 Beijing RENMIN RIBAO in Chinese
6 Dec 94 p 1

[Commentator's article: "Strengthen and Improve Macroeconomic Regulation and Control To Curb Inflation"]

[FBIS Translated Text] The Central Economic Work Conference pointed out that curbing inflation must be taken as a major issue of economic work for the coming year. This is an important policy decision made on the basis of a comprehensive analyses of the current economic situation.

Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, various localities and departments have conscientiously put into practice the guidelines of the 14th CPC National Congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee since the beginning of this year. In line with the overall work requirement of "seizing opportunities, deepening reform, opening wider to the outside world, promoting development, and maintaining stability" as

defined by the central authorities for the entire party and nation at the beginning of this year, they have carefully handled the relations between reform, development, and stability and have worked enthusiastically with one heart and one mind, so that new headway has been made in various fields of endeavor, including reform, opening up, economic construction.

Several major reforms aiming at the establishment of a socialist market economic structure have been introduced one after another and have been carried out relatively smoothly. Further results have been achieved in intensifying and perfecting macroeconomic regulation and control, and the economic structure and financial order have improved to a certain extent. Key construction and technological transformation projects have been stepped up, and the national economy has continued to develop at a high speed. A wider openness has resulted in continuous growth in the absorption of foreign capital and import and export trade as well as the noticeable increase in the state's foreign exchange reserves, and the living standards of urban and rural residents have been repeatedly enhanced.

However, we must also note that there are indeed many difficulties and problems along the road of progress. In particular, the margin of price increases during the past two years was excessively large, and the situation of inflation is grim. This has become a problem about which various social sectors have shown great concern. The price issue involves the interests of every family. Hence, if we fail to take realistic measures, serious inflation will make a mess of economic relationships, mislead the allocation of resources, distort the interest pattern, cause social instability, and dampen the environment of reform and development. This is why we must take curbing market prices and rectifying inflation as a crucial link for correctly handling the relations of reform, development, and stability.

Price increases and inflation are a concentrated reflection of various economic contradictions, so our analysis should be comprehensive, thorough, and correct. Just as when a doctor sees a patient, only by clarifying the cause of a disease can one find the proper remedy. As China is now in a stage of changing and readjusting its economic structure, it is necessary to gradually straighten out price relationship and enhance the degree of commercialization and marketization of the economy as a whole. Under these circumstances, it is difficult to prevent the overall price level from rising to a certain extent in a set period. Hence, we must pay that price. However, prices have soared by an excessively large margin this year. There are a number of complicated reasons, including the overly rapid growth of fixed-assets investment and consumption funds, and the protracted impact of the excessive amounts of currency issued over the past few years. Natural calamities have been relatively serious this year, and the effective supply of some agricultural and sideline products has been inadequate due to the resulting fall in output. Furthermore, there are other

problems, including the chaotic circulation system and nonstandardized market behavior, among others.

We must take a scientific and realistic attitude, acquire a correct understanding of the inevitability of certain increases of the overall price level in the course of moving toward a market economy, fully realize the irrationality of the current excessively high overall price level and the seriousness of the possible occurrence of some problems, and resolutely adopt effective measures to gradually hold down the excessive inflation rate.

In order to check inflation and control the range of price increases, first of all, we must seek unity in thinking and firmly overcome the influence of some erroneous views. In China, we must under no circumstances stimulate and boost the economy by means of inflation. That would be tantamount to drinking poisoned wine to quench a thirst, and extremely serious damage will be done to all of society economically and politically. We must not think that price reform means lifting controls from all prices; nor must we feel that no interference is necessary once price control has been lifted. Again, we must not think that people will suffer if prices are not adjusted or freed, nor must we vie with one another to adjust or free prices in disregard of the existing conditions. In practical work, we must seriously tackle excessive price increases as a major target of macroeconomic regulation and control. To straighten out the price relationship and raise the degree of marketization of the entire economy, we must consider the tolerance of society, judge the hour, and size up the situation so as to push the work forward in a systematic way.

It is understandable that people in various localities have taken measures to readjust prices according to local conditions in order to resolve some price problems which have hampered reform and development. But the economy of our country is one entity, markets are unified, and economies between regions are closely related and mutually dependent. Therefore, when measures to readjust prices are taken, various localities should pay attention to the stability of the economy as a whole and give consideration to the influence on their "neighbors." The rectification of inflation has a bearing on the overall situation of reform, development, and stability and will continue to do so in the future. Controlling price rises and curbing inflation should be taken as a primary task of macroeconomic regulation and control next year. Various localities should attach great importance to it and work to achieve the aim with concerted efforts.

For the purpose of curbing inflation and controlling price increases, we must suit the medicine to the illness and tackle the problem in a comprehensive way. First, we should strictly control the excessive growth of investment in fixed assets and consumption funds so as to maintain the basic balance between total demand and total supply. The conditions of excessively rapid growth in consumption funds and the irrational structure of

distribution are relatively serious, so we must take effective measures to overcome them. While controlling the rapid growth of consumption funds, we should show special concern for the lives of the masses living in impoverished areas, low-income residents, retired personnel, and enterprise staff and workers with financial difficulties. Second, we should continue to take good care of issuing currency and managing the scope of credit, exercise control over financial expenditures, and adopt moderately stringent monetary and financial policies. Third, we should firmly grasp agricultural production and the "shopping basket" project and work hard to tap sources of agricultural and sideline products in a bid to ensure market supply. Fourth, we should rectify the circulation order of the market and standardize market behavior. In view of the actual condition of a certain chaotic order in the circulation system our focal point of price control, examination, and inspection should be placed on the circulation area. As part of the rectification of the circulation order, we should institute a new price regulation and control system and management system as quickly as possible.

After 16 years of reform and opening up, China's economic strength has been substantially augmented, the state has had a relatively rich material foundation, and various measures for macroeconomic regulation and control and for the stability of commodity prices have been put into effect one after another. We believe that, as long as we genuinely seek unity in thinking and work conscientiously, we are absolutely capable of reducing the excessive price increases gradually, so that we can continue pushing forward reform and opening up and create a still better macroeconomic environment.

Inflation Reduction 'Slight But Significant'

HK1812083794 Beijing CHINA DAILY in English 17 Dec 94 p 1

[By Wu Yunhe: "Inflation Growth Takes Slight Tumble"]

[FBIS Transcribed Text] The consumer price index rose 27.5 per cent in November a slight fall from the 27.7 per cent recorded in October, the State Statistics Bureau (SSB) said yesterday.

This is the first drop in the index in the past 18 months, a SSB spokesman said.

The slight but significant change indicates that inflation may have peaked and the bureau believes a downward trend is now underway. However, the spokesman warned that 27.5 per cent is still unacceptably high and the government must take further steps to bring inflation under control.

While prices have continued to rise, the domestic market remained brisk as industrial growth gathered momentum, largely from rising investments in fixed assets.

The overall retail prices grew by 20.8 per cent during the January-November period, the bureau said in its monthly report.

The bureau said the fixed-assets investment hit 773.6 billion yuan (\$90 billion) during the first 11 months of this year, up 38 per cent from the same period in 1993.

Domestic retail sales totalled 155.4 billion yuan (\$18 billion) during the January-November period, a year-on-year increase of 12.8 per cent, allowing for inflation.

The trade surplus grew to \$4.7 billion. Exports hit \$102.5 billion, up 31 per cent. And imports reached \$97.8 billion, up 13.8 per cent.

For November, \$12.7 billion worth of Chinese products were sold abroad, up 41.6 per cent. And China bought more than \$10.3 billion overseas products, up 8.1 per cent. The incremental industrial output value reached 149.8 billion yuan (\$17.4 billion) last month, a 23.6 per cent jump from November 1993.

During the first 11 months of 1994, industrial output value chalked up a 17.9 percent increase to reach 1,446.6 billion yuan (\$168.2 billion).

Industrial production showed particularly strong growth in Liaoning, Jiangsu, Zhejiang, Guangdong and Shandong provinces and in Beijing.

In November, nearly 97 per cent of industrial products were sold on a buoyant domestic market, compared with 96.25 per cent in October.

But, bureau economists warned that economic efficiency—in terms of sales and profits—still has not reached the "normal standard," as there were still many money-losing factories.

More than 30 per cent of factories posted losses due to poor management this year, the report revealed.

Zou Jiahua Urges Implementation of Labor Law

OW1612164694 Beijing XINHUA in English 1532 GMT 16 Dec 94

[FBIS Transcribed Text] Beijing, December 16 (XINHUA)—A high-ranking Chinese official, during a TV and radio show held here today, urged governments and governmental departments at all levels to take a firm stand on carrying out the Labor Law.

Chinese Vice-Premier Zou Jiahua was referring to the law which was promulgated by the Standing Committee of the National People's Congress and will be go into effect from January 1, 1995.

Implementation of the Labor Law not only concerns the interests of the masses of workers but also social stability and development, Zou said. The employment of workers, insurance, and job safety have all been covered.

Zou said that emphasis of the law next year is on promoting the reform of the state-run enterprises, safeguarding the workers' legal rights, and establishing an employee contract and minimum-wage system.

At present, more than 45 million workers have signed employment contracts with their employers. By the end of 1995, it is expected that 80 percent of the workers will have signed contracts and that all the workers will do so by 1996.

As some serious and exceptionally grave accidents have occurred lately, Zou urged the departments concerned to attach great importance to production safety. Those officials held responsible for the accidents should be punished seriously.

Supports Reforming Social Security

OW1912060494 Beijing XINHUA Domestic Service in Chinese 0855 GMT 12 Dec 94

[By RENMIN RIBAO reporter Wang Yantian (3769 1750 3944) and XINHUA reporter Fu Gang (0265 0474)]

[FBIS Translated Text] Beijing, 12 Dec (XINHUA)—Speaking at a recent national labor work conference, State Council Vice Premier Zou Jiahua said: Labor affairs are an important part of national economic and social development. Over the past few years, labor departments at all levels have upheld the party's principles and line, and have carried out reform with keen determination, achieving tremendous results in their work. On behalf of the State Council, I would like to extend my cordial greetings and heartfelt gratitude to comrades on the labor front.

Zou Jiahua said: In accordance with the tasks put forward by the central economic work conference, the focus of next year's enterprise reform will be the deepening of reform in state-owned enterprises. We should manage labor affairs with this focus in mind, speed up reform of the social insurance system that consists primarily of old-age and unemployment insurance, and promote enterprise reform. We should tighten overall control over total wages and rein in the excessive growth of consumption funds. Also, we should gradually study and solve the problem of the unfair distribution of wealth in society. To improve enterprise efficiency, we must do a good job of transferring redundant workers and staff members from their enterprises, and of resettling workers and staff members from bankrupt enterprises. We should effectively guarantee the basic daily living needs of workers and staff members in ailing enterprises, as well as those of retirees. We should keep the employment situation, as well as the ranks of workers and staff members, stable. We should tighten control over safety and sanitation to reduce the number of major accidents.

Zou Jiahua said: The "Labor Law" will be implemented on 1 January. This is an important law that protects

workers' legitimate rights and interests, keeps labor relations stable, and advances the reform of the labor system. Labor departments at all levels should step up publicity efforts, pay close attention to formulating supplementary laws and regulations, and do a conscientious job of exercising supervision and conducting inspections.

In his speech, Labor Minister Li Boyong said: The number of employed people in cities and towns is expected to total 7 million this year, with the possibility of keeping the unemployment rate at approximately 2.8 percent. In exploring ways to establish a social insurance system, 29 provinces, autonomous regions, and municipalities have instituted a system under which individuals pay basic old-age insurance premiums, and more than 6,000 enterprises have introduced supplementary old-age insurance plans. Hainan Province has gained valuable experience in reforming its social insurance system. Shanghai, Shenzhen, and Guangdong have also gained very useful experiences from their active searches for a form of social insurance that combines funding by society and the establishment of personal accounts.

On controlling unemployment and protecting workers' rights and interests, Li Boyong said: Twenty-six provinces and municipalities have formulated implementation procedures based on State Council-promulgated provisions regarding unemployment insurance for employees of state-owned enterprises. Of these provinces and municipalities, 25 have expanded unemployment insurance coverage to all workers and staff members in enterprises in cities and towns. Nevertheless, some enterprises continue to incur production and operational problems, with serious defaults in payments of wages to workers and staff members. Some enterprises cannot disburse retirement pensions on time, thus putting workers and staff members in financial distress. There are gross violations of the legitimate rights and interests of workers and staff members in private enterprises and in partly or wholly foreign-owned enterprises, which have experienced a growing number of labor-management disputes. Moreover, some enterprises seek efficiency to the neglect of production safety, thus causing accidents involving heavy casualties and greatly endangering the lives and health of workers and staff members.

Labor Minister Discusses Employment Problems

OW1912033994 Beijing Central Television Program One Network in Mandarin 1411 GMT 11 Dec 94

[Announcer-read report over video; from the "Night News" program]

[FBIS Translated Text] There are only 21 days remaining in this year, and on 1 January 1995 the Labor Law will officially go into effect. A national labor work conference aimed at defining major tasks, policies, and measures for a reform of the labor system next year was opened in Beijing today. Labor Minister Li Boyong said

at the meeting: The tasks of reform for next year will be very arduous because of some conspicuous problems in the labor sector.

Li Boyong said that these conspicuous problems were mainly identified as follows:

1. The pressure of unemployment will be even greater next year. As the country's major employers, state-owned enterprises are almost saturated with employees. In the face of many difficulties in economic development, urban areas also have less potential for absorbing more people in their work forces. Although the nonpublicly owned sector has been developing fast, it can only accommodate a limited number of employees. Meanwhile, the newly increased work force in urban areas will not decline next year, and its number is estimated to be 10 million people. More rural surplus laborers are expected to flow into other regions. When the Bankruptcy Law goes into effect, the contradiction concerning the distribution and resettlement of over 10 million surplus laborers from state-owned enterprises will be further aggravated.

2. There are some unstable factors in labor-management relations. Due to difficulties in production, some enterprises have been in arrears with their wage payments. Retired employees of some enterprises face difficulties in their lives because they do not receive their pensions on time. Private and foreign-invested enterprises have been notorious for infringing on employees' legitimate rights and interests.

3. There is no effective measure to regulate and control wages. Many enterprises have prompted inflation by increasing wages too rapidly.

4. The reform of the social security system is relatively stagnant. Social insurance brings only a small number of people under its coverage, and the quality of socialized management over such a type of insurance is fairly low. There are also difficulties in collecting insurance premiums, and the depreciation and embezzlement of funds are rampant. There is a wide gap between enterprises and institutions in terms of their retirement policies.

Li Boyong said: The aforementioned problems have a direct bearing on the state's reform, development, and stability. The tasks of a reform of the labor system for next year are aimed at solving these problems effectively mainly through enterprise reform and by carrying out the relevant rules of the Labor Law.

Li Boyong said: We should make substantive progress in reforming the social security system next year. A unified endowment insurance system for all kinds of workers, regardless of their employer units and the ownership of these units, should be gradually established in urban areas. Unemployment insurance should be expanded and should cover all enterprise workers in urban areas. While ensuring that a jobless person receives the basic daily necessities, help must also be given to him in terms of his finding a job.

Speaking on effectively controlling the speedy growth in wage income, Li Boyong said: It is necessary to tighten control over the total wage expenditure of companies engaged in the circulation of all kinds of goods, companies with monopolies, and business financial institutions, whose already higher wage levels are rising fast. Meanwhile, a minimum wage system should be introduced in the country. Enterprises that operate normally but that suffer temporary shortages of funds will receive bank loans and discounts by local governments to ensure that these enterprises implement the minimum wage system. Funds should be raised in different ways to guarantee the living expenses of employees of enterprises that have completely or partially suspended production.

Li Boyong said: The main point of enforcing the Labor Law is to implement the system of labor contracts. He demanded that localities possessing the basic conditions introduce the system of labor contracts into all enterprises beginning 1 January 1995, whereas other areas will make 80 percent of their enterprises and workers adopt the system by the end of 1995. Speaking on employment, Li stressed that efforts should be made to cap the unemployment rate at around 3 percent next year.

Li Boyong also asked all localities to speed up the establishment of labor supervision organs and special law-enforcement teams so as to form a nationwide system of labor supervision organs by the end of next year, and to resolve over 80 percent of labor disputes next year.

Non-State Firms Mistreat Workers, Withhold Wages

HK1912150094 Hong Kong WEN WEI PO in Chinese,
16 Nov 94 p 4

[Dispatch from Shanghai by Wu Fei (0702 2431): "Non-state-Owned Enterprises in 15 Provinces and Cities are in Arrears With Wage Payments Totaling 330 Million Yuan"]

[FBIS Translated Text]

Disclosed by Recent Labor Ministry Survey in Guangdong, Fujian, Etc.

Chinese journalists have once more disclosed the treatment and conditions of employees working in nonstate-owned enterprises. According to the newspaper ZHONGGUO GONGSHAN RIBAO, the PRC Ministry of Labor has conducted a six-month survey of labor conditions in nonstate-owned enterprises in 15 provinces and cities, including Guangdong and Fujian. The survey reveals that wage arrears and underpayments amount to over 335 million yuan, involving more than 500,000 employees. Officials at the Ministry of Labor point out that labor issues in nonstate-owned enterprises allow no ignorance.

According to the investigation, many nonstate-owned enterprises have violated the new working hours regulations specified by the state by extending working time at will, and some have ignored the stipulation that labor contracts should be entered into between the employer and the employee. Unpaid overtime was found in nearly 10,000 firms, and at some factories employees have to work 91 hours each week. No labor contracts have ever been signed between employers and workers in half of the nonstate-owned enterprises in Guangdong Province. However, among contracts that have been signed, some have been found only to include provisions which bind the behavior of laborers but do not specify responsibility for the employee to be borne by the employer. Safety equipment and hygienic conditions are incredibly bad in some works, where negligence of labor protection or infringements upon workers' human rights frequently occur.

The issues arising from the treatment of labor in non-state-owned enterprises reflect drawbacks in the labor legislation, the authorities said. Legislation, therefore, appears all the more urgent despite the fact that the "Labor Law" has already come into effect. However, the thorough implementation of the act will ultimately rely upon the prompt enactment and promulgation of the "Wages Law," the "Social Insurance Law," and the "Labor Contract Law."

New Identification System To Help Fight Piracy

OW1912022494 Beijing XINHUA Domestic Service in Chinese 0730 GMT 17 Dec 94

[FBIS Translated Text] Beijing, 17 Dec (XINHUA)—A reporter recently learned from the Press and Publication Administration [PPA] that after mid-December, all Chinese-produced compact disks (CD's) will bear source identification codes (SID codes). This is an effective measure taken by the PPA with the support and coordination of the International Federation of the Phonographic Industry (IFPI) to better protect intellectual property rights and to resolutely crack down on the violation of these rights and copyright piracy.

Pirated CD's are now regarded as a great public nuisance by the phonographic industries of the world. To overcome this problem, the IFPI at the beginning of this year introduced the latest scientific and technological triumph in antipiracy efforts—SID code technology. The technology presses on each CD surface a unique four-digit code that has been etched in a certain fixed position on a CD injection mold. The first two digits denote the manufacturer, and the last two the mold number. Because each CD manufacturer is allocated a set of numbers that are used to identify their products, pirated or imitation CD's can be spotted as soon as they are marketed. It would be highly difficult for copyright pirates to imitate these numbers because the SID codes are etched on machine molds. The use of this technology is regarded as one of the most effective weapons against copyright piracy since the invention of microgroove records.

At present, the SID code technology has been adopted by over 100 CD manufacturers in such countries and regions as the United States, Britain, France, Germany, Japan, the ROK, Sweden, Spain, Italy, Mexico, the Philippines, and Singapore, as well as Taiwan and Hong Kong. By having its CD manufacturers use the SID, our country has further illustrated its government's determination and stand on resolutely cracking down on copyright piracy and protecting intellectual property rights.

A relevant responsible person from the PPA said: From now on, domestically produced CD's that do not contain SID codes will without exception be investigated and treated as illegal media products.

China To 'Loosen' Controls on Foreign Exchange

HK1812074194 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 18-24 Dec 94 p 1

[By Da Kan: "State To Loosen Control on Foreign Exchange"]

[FBIS Transcribed Text] China is set to make the renminbi freely convertible in the current accounts by the year 2000, according to an official with the State Administration of Exchange Control.

By that time, institutions and enterprises would be able to buy foreign exchange for non-trade purposes in the current accounts directly from banks, the official said.

Since the country abolished the dual-rate system at the beginning of this year, institutions have been allowed to buy foreign exchange for trade purposes from the banks, on presentation of valid import contracts.

But the buying of foreign exchange for other purposes in the current accounts still needs the administration's approval.

The country also plans to loosen controls on the purchase of foreign exchange by individuals, the official said.

Individuals are allowed to buy a certain amount of foreign exchange for study, travel and visits to relatives abroad.

The ceiling will be raised gradually in the coming years, the official said.

The State will also gradually release its control over foreign exchange in capital accounts.

Renminbi in the capital accounts will become convertible, but the timetable for the process has not been set, the official said.

Current accounts mainly cover trade, labour, transportation, tourism and international donations while capital accounts cover direct investment, securities investment, loans from international organizations and governments, bank credits and leasing.

Analysts said the timetable for making renminbi freely convertible in the current accounts will be a boost to China's bid to re-enter the General Agreement on Tariffs and Trade.

The official said the step is a natural result of the country's economic growth, and will lay a firm foundation for the establishment of a socialist market economy.

And it will help integrate the domestic economy into the international economy while creating a better environment for attracting foreign investment and boosting international trade.

"But it is not an easy task for China to realize that goal within six years," he said. "We have plenty of things to do."

The establishment of a domestic foreign exchange market will be key to reaching the target, he said.

With the opening of the Shanghai-based China Foreign Exchange Trading Centre, the country has taken the first step towards building the inter-bank foreign exchange market.

In the future, banks will be able to conduct remote trading through computers instead of sending people to the trading floor, the official said.

The market will also introduce more products, such as options, and offer forward and futures trading.

Currently, foreign-funded firms trade their foreign currencies in foreign exchange swap centres, exclusively for their use.

The official said that in the future, foreign-funded ventures will be allowed to buy and sell foreign exchanges in banks. He did not give a timetable.

State Firms Seek Foreign Capital, Technology

HK1812083394 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 18-24 94 p 3

[By Tong Ting: "State Firms Look to Foreign Help"]

[FBIS Transcribed Text] Overseas direct investment will be given a shot at revitalizing China's stagnant State-owned enterprises.

"The government welcomes the flow of funds to State-owned enterprises to finance technical renovation and hopes fund managers will consider the call," said Yu Xiaosong Vice-Minister of the State Economic and Trade Commission (SETC).

Yu noted that reform of State-owned enterprises is a key task for the Chinese Government next year. The State will require its enterprises to adjust production structure and improve efficiency by any means necessary.

That kind of hard-nosed insistence will open fruitful doors for overseas investors, noted Zhang Guangyi, another official from SETC.

Of the more than 5,000 large and medium State-owned enterprises in East and Northeast China, one-third need technology renovation.

Overseas direct investment is increasingly currying favour with the State because the funds do not add to the nation's debt burden from direct loans.

But they still allow enterprises to obtain badly-needed capital to expand production scale and improve capital structure without turning to the stock market.

"The shortage of capital is the biggest problem for enterprises' technology renovation," Zhang said.

He noted that present domestic capital cannot meet the demands of China's booming economy, while over-reliance on foreign loans will increase the State's debt burden.

The funds do not participate directly in management of the enterprises, but allow enterprises to take the initiative to undertake needed technology reform, Zhang said.

And, most often, foreign funds invest in different sectors in order to reduce investment risks.

Thus "it can benefit the State to conduct a complete set of renovations in various enterprises."

Zhang also said that the State can guide funds to invest in certain regions and sectors for centralized technology renovation.

He outlined some of the trouble areas for foreign direct investment in the country so far, such as limited investment range, which has made it difficult to select appropriate projects.

As well, funds which often flow to fast-developing regions and sectors seeking higher rates of return and less risk have exacerbated the widening gap between geographic areas and enterprises.

And State enterprises' property appraisal and accounting methods have not been fit for international practices and accounting standards.

Zhang also noted that some funds jointly set up by China and other countries in the past found it difficult to invest in domestic enterprises causing China to lose out on a significant share of potential capital flow.

High-Tech Partners Sought for Color TV Production

HK1912072394 Beijing CHINA DAILY in English 19 Dec 94 p 5

[By Pei Jianfeng: "Partners in Colour TV Must Offer Technology"]

[FBIS Transcribed Text] China will soon map out a regulation on setting up Sino-foreign joint ventures in the country to produce colour televisions.

The Ministry of Electronics Industry hopes that these joint ventures can introduce advanced technology from foreign companies to boost the development of China's TV industry, said Vice-Minister Zhang Jinqiang.

Some foreign companies are eager to set up joint ventures in China with the sole aim of seizing a larger slice of China's huge market for home appliances.

"No advanced technology, no market—that is the ministry's policy," Zhang said.

Since China introduced its first colour TV production line in 1980, the country has invested about 20 billion yuan (\$2.35 billion) to build its colour TV industry.

It now has an annual production capacity of 20 million colour television sets and 15 million tubes.

Last year, China produced 13 million colour TV sets, ranking third in the world in output, after South Korea and the United States.

Production is expected to reach 14 million sets this year and 18 to 20 million sets by the end of the century.

About 4.6 million colour TVs were exported last year. The ministry hopes to raise exports to 8 million sets by the year 2000, Zhang said.

The colour television industry has become the major pillar of China's electronics industry.

The output value of colour TVs and related components accounts for about 40 per cent of the electronics industry's total.

There are 51 colour TV manufacturers in the country, five of which have annual output of more than 1 million sets each.

The output of the top 10 companies accounts for 61 per cent of the country's total.

The ministry plans to help some companies expand their production capacity and improve their competitiveness, Zhang said.

One or two companies are expected to grow into electronic giants with annual colour TV output exceeding 4 million sets by the year 2000, he said.

About 80 per cent of urban families have colour televisions. But only 10 per cent of rural families own colour TVs, which means a huge market for the industry.

The 53-centimetre TV is the favourite product on the domestic market. Its output accounted for 43.4 per cent of the country's total last year.

The demand for large-screen colour televisions (64 cm and 73 cm) has been increasing rapidly in cities in recent years.

Experts estimate that large screen colour televisions will become the dominant product in China by the end of the century.

Foreign Banks 'Wary' of Lending Due to Scandals

HK1912122994 Hong Kong AFP in English 1208 GMT 19 Dec 94

[FBIS Transcribed Text] Shanghai, Dec 19 (AFP)—Foreign bankers here expressed mixed sentiments Monday about lending to Chinese customers, after the official media reported that four officials of one of the country's leading investment vehicles had been arrested on corruption charges.

A European bank said it would be wary of lending to local investment and trust companies while a leading regional bank said it would evaluate each case on its merits after assessing the borrower's background.

CHINA DAILY (BUSINESS WEEKLY) reported Sunday that two managers and two dealers of CITIC Shanghai, a subsidiary of China International Trust and Investment Corp. (CITIC), had been arrested on corruption charges related to illegal metals futures trading.

The four, including the former president of CITIC Shanghai, incurred substantial losses in proprietary trading and over-the-counter transactions on the London Metals Exchange, it reported.

Xu Shiwei, CITIC Shanghai's senior adviser, told the newspaper that the four, violating internal controls and relevant regulations of the state, tried to keep its parent company in the dark and destroyed some trade documents and other evidence.

Xu also said their foreign counterparts were partly to be blamed for the losses because they extended credit lines five or six times the company's equity without informing CITIC or requiring guarantees.

He said when CITIC Shanghai started incurring heavy losses, some international counterparts helped it to increase credit line and roll over their trades on the historical prices in order to hide losses.

"I must regretfully point out that certain foreign counterparts have got some screws loose in their own house, in other words, what they have done has to some extent assisted such a thing happening intentionally or unintentionally," Xu said.

CITIC Shanghai had sent a team to London for preliminary talks to resolve the problem and was now preparing to send another team to continue negotiations.

Reacting to the scandal, some bankers here said they would be careful about lending to local trust and investment while others said they would not let the incident change their lending policies.

"We will be very conservative about lending to local trust and investment companies," a European banker

said. "Some local trust and investment companies borrow from foreign banks to trade in foreign currency futures and they lose money because they lack experience and market information."

An official of a leading regional bank said there would be no change to its lending policy, adding, "we should not be affected by one incident."

"When we consider a credit proposal we will try and obtain as much background information as we can until we are satisfied. That's the correct way to do business," he said.

A Barclays Bank official said that foreign banks would continue to be keen on lending to big infrastructure and energy projects, as these were guaranteed by the government.

The CITIC arrests added to a string of recent incidents that have buffeted foreigners' confidence about doing business in a country that has in recent years become the world's hottest investment spot.

In October, 31 foreign banks petitioned Beijing to help them collect 600 million dollars in loans to Chinese state enterprises.

They were followed last month by Lehman Brothers, which filed a law suit in New York federal court for 97.5 million dollars against two state-run companies, China United Petroleum Chemicals and Minmetals International Non-ferrous Metals Trading, for failing to pay foreign exchange losses.

(In Hong Kong on Monday, Cao Yongfang, president of Minmetals International Non-Ferrous Metals Trading Co., issued a statement threatening to counter-sue Lehmans, maintaining the losses were the result of "unfair" marketing.)

Earlier this month, Shanghai's four-year-old stock exchange was hit by its biggest scandal yet, when a top official from a listed company in the city was arrested on charges of making a profit of 800,000 yuan (94,000 dollars) from illegally selling shares in his firm.

China's Foreign Investment Policies Defended

HK1812080194 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 18-24 Dec 94 p 1

[By Xiao Wang: "Some Investors Misled By Inaccurate Media Reports"]

[FBIS Transcribed Text] Covered beneath a flurry of vague and sometimes distorted foreign reports, uninformed observers may find themselves wondering: Is China no longer an investment haven for international capital?

In recent weeks, reports by some international media allege the Chinese Government tends to break business contracts.

"The very reason we do business with (China's) State-owned companies is that we believe the Chinese Government can guarantee their potential losses," one press report quoted a foreign corporate official as saying.

That remark is typical of the few foreign accounts of investment trouble. So when things go sour, the media tend to pull the Chinese Government into the equation.

But such a conclusion amounts to sheer speculation.

Some investors are fond of the idea that doing business with Chinese State-owned companies means gaining a secure link with the Chinese Government—a link that could come in handy if the State-owned Chinese investment partner suffers losses.

But the reality of the arrangement is different. For many years, Chinese enterprises—whether State-, collectively- or privately-owned, have had to sink or swim on their own.

The days of rigid central planning and responsibility for State firms are gone.

"It's not strange to see contractual conflicts. However, these cannot be regarded as anything related to government action," commented Liu Zhiben of the Ministry of Foreign Trade and Economic Co-operation (Moftec).

In the final analysis, flimsy linkage of corporate disputes to the government's credibility is a thinly-veiled attempt to mar the image of China as an investment magnet.

The premier target of developing world investment, China last year absorbed \$26 billion in foreign direct investment. That figure places it second only to the United States in the worldwide race to attract investment.

Liu stressed that China has made great efforts to extend national treatment to foreign investors in the last few years. The two-track price policy for domestic and foreign enterprises, to name one example, has virtually been eliminated.

At the same time, "we've preserved certain preferential policies especially for foreign investors.

"For example, foreign investors are still allowed to keep their own cash accounts and foreign exchange swap markets."

This has been recognized and welcome by overseas investors. "It's by no means a discriminatory measure as imagined by some foreign media."

He also pointed out that the tax burden of foreign investors has not been increased as described by foreign press.

"All in all China's new financial, taxation, foreign trade, foreign exchange control and investment policies, which

came out at the beginning of this year, have proved a success," Liu said, acknowledging that there's always room for improvement.

Advisor Discusses 'CITIC Shanghai' Losses

HK1812074294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 18-24 Dec 94 p 1

[Report on "Exclusive Interview" with Xu Shiwei, "senior adviser to CITIC Shanghai," by Ren Kan; place and date not given: "CITIC Shanghai on Futures Losses"]

[FBIS Transcribed Text] CITIC Shanghai Co, Ltd, a subsidiary of the China International Trust and Investment Corporation, issued its first comments on the settlement of its losses in international metal futures and options deals.

Earlier this year, without the knowledge and consent of CITIC, some CITIC Shanghai dealers have been engaged in proprietary trading and over-the-counter transactions on the London Metals Exchange and have thus incurred substantial losses.

Two dealers and two managers, including the former president of CITIC Shanghai, have been charged with corruption and detained.

Xu Shiwei, the senior advisor to CITIC Shanghai, told BUSINESS WEEKLY in an exclusive interview that CITIC Shanghai is waiting for the review of its balance sheet by a Western accounting firm.

"I sincerely hope all parties concerned will find a reasonable solution through friendly consultation," Xu commented.

CITIC Shanghai sent a team to London for preliminary talks and is now preparing another trip to meet those brokers.

"It shows our good faith and willingness to settle the matter."

But to what extent CITIC is going to support the settlement of the case Xu said, "I think it would depend on the outcome of the forthcoming meeting in London and co-operation from our counterparts."

He noted that CITIC Shanghai is an independent legal entity under the law of China. It is therefore responsible for its own assets and liabilities.

CITIC Shanghai's total assets amount to approximately 1 per cent of CITIC's consolidated total assets.

Some foreign news reports have called CITIC Shanghai a "branch of CITIC," "CITIC's arm" and "CITIC's metal trading department."

"These (labels) are not true," Xu said. "It is one of the 32 subsidiaries of CITIC."

For the last several years, CITIC Shanghai has been engaged in London Metals Exchange futures and options trading and over-the-counter transactions in base metals such as copper and aluminum through exchange brokers on behalf of its clients as agents.

Xu said CITIC has maintained a comprehensive set of guidelines, especially with regard to financial and liability control.

For example, unless approved by CITIC, no domestic subsidiary, with the exception of CITIC Industrial Bank, is permitted to incur overseas borrowings and credit facilities.

But any management shall be primarily established based on honesty.

Xu said these people, violating the internal control and relevant laws and regulations of the State, tried every means possible to keep its parent company (CITIC) in the dark, including destruction of some trade documents and other evidence.

Besides, derivatives are off-balance-sheet business, making it difficult to discover criminal activities under normal accounting and auditing practices.

When CITIC Shanghai started to incur heavy losses some international counterparts helped CITIC Shanghai to increase credit line and roll over their trades on the historical prices to hide losses, which have made things far more complicated.

"I must regretfully point out that certain foreign counterparts have got some loose screws in their own house, in other words, what they have done has to some extent assisted such a thing happening intentionally or unintentionally."

Xu explained that the counterparts have extended credit lines equivalent to five or six times their equity without notifying CITIC, let alone requiring any guarantee from CITIC.

"Any counterpart, if he is prudent enough, should have related extension of credit to CITIC Shanghai's capacity and in line with China's relevant laws and regulations governing foreign exchange."

Auditors To Examine Local Use of Foreign Capital

HK1812080294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 18-24 Dec 94 p 1

[By Liu Weiling: "Focus Turns To Local Fund Use"]

[FBIS Transcribed Text] Hard-nosed State auditors are expected to pay special attention to the foreign debts of local authorities next year as part of ongoing efforts to ensure the proper use of foreign funds in China, according to a senior auditing official.

The State Audit Administration (SAA) will also work with the State Administration of Exchange Control to monitor commercial loans obtained by provincial governments, said Huang Shiqiang, director of the SAA's Foreign Funds Application Audit Department.

He said that few foreign commercial loans to local governments have been audited in the past few years as the administration has been focusing on projects financed by the World Bank the Asian Development Bank and other international organizations.

Both the central government and local authorities are seeking more foreign capital, including commercial loans, to fund the country's dynamic economic growth.

And international organizations are willing to provide loans to China thanks to its increasing openness, Huang said.

"The new move is to help reinforce the confidence of foreign investors and create a better investment atmosphere."

He said the auditing reports submitted by the SAA have become an important channel for international organizations to get information about the implementation of their projects in China.

Meanwhile, users of the capital expect auditing to help prove that the money was used in the right ways and right places.

Huang said the administration plans to check 172 foreign-funded projects in 1995.

Last year, the administration checked 162 projects consisting of 109 by the World Bank, 27 by the Asian Development Bank, six by the International Fund for Agricultural Development and 20 by other organizations.

These projects involve foreign loans and financial assistance of \$13.5 billion and 2,500 implementing organizations.

The administration submitted 207 reports to creditors and received good reactions from these organizations.

"Almost all of the projects are found to be well-implemented in China,"

Huang said, adding that no case of wasting money has been discovered.

However, a large number of Sino-foreign joint ventures have been found to be using various gimmicks, he said.

The biggest problem involves foreign partners who do not put enough registered capital into their joint ventures or transfer their money out of the enterprises after they are founded.

Some enterprises suffer losses on their books while their profits fatten the wallets of foreign bosses.

However, Huang said such tricks are seldom found in joint ventures funded by major international companies. "These companies usually have long-term plans in China and attach great importance to their image."

Next year the SAA will continue to strengthen its monitoring of joint ventures with State-owned enterprises as the Chinese partner. This year, auditors across the country checked more than 900 joint ventures, he said.

The SAA's auditing of projects involving foreign funds began a decade ago. All of the projects funded by loans from the World Bank and Asian Development Bank have been checked.

The administration plans to incorporate more advanced auditing methods from abroad to raise its efficiency, Huang said.

German Banks Finance Paper Products Company

OW1912140294 Beijing XINHUA in English 1352
GMT 19 Dec 94

[FBIS Transcribed Text] Hong Kong, December 19 (XINHUA)—A loan contract for 320 million Deutsche marks (about 223 million U.S. dollars) to finance an order for two paper board machines for the Chinese-Indonesian joint venture company has been signed, a local news release said here today.

The lead manager of BHF-Bank, Frankfurt/Main, and the financial advisor of IKB Deutsche Industriebank, Dusseldorf, jointly signed the contract which demonstrates the rapidly expanding German business interest in Asia.

The delivery of the machines is expected to bring about an improvement in the supply of paper products, especially in the area of packing materials, in China.

Ningbo Zhonghua, the joint venture, will start production at the end of 1996 to meet the demands for paper products in China and in Southeast Asian markets.

Sinar Mas, the second largest industrial group in Indonesia, is the majority owner of the Ningbo Zhonghua Paper Company, together with the City of Ningbo and China Strategic Investment (Hongkong).

The order for the machinery has been placed with a consortium of German and Austrian companies under the leadership of Voith Sulzer of Heidenheim/Ravensburg, Germany.

In 1994, BHF-Bank upgraded its Hong Kong operations from Representative office to branch status and IKB Bank established its representative office in the territory so as to provide support for foreign business activities in Asia.

Regional Ports Play Role in Imports, Exports

OW1812153294 Beijing XINHUA in English 1452
GMT 18 Dec 94

[FBIS Transcribed Text] Shanghai, December 18 (XINHUA)—Along China's coastal areas, the most prosperous regions in China, three regional port groups have

come into being, and are playing a leading role in China's export and import trade.

The port groups are respectively situated in the Bohai Sea rim in north China, the Chang Jiang River Delta in east China and the coastal area in south China, according to the Shanghai-based newspaper "Urban Herald".

The present handling capacity of ports in the Bohai Sea rim, including Dalian, Qinhuangdao, Tianjin and Qingdao, have accounted for over 40 percent of the total amount of the country, according to the information from the transportation departments.

In the Chang Jiang River Delta, where the country puts stress on its development, port construction has been carried out in a particularly fast speed, centering the Shanghai port.

So far some 60 berths which can berth ships of over 10,000 DWT have been newly built, and the total handling capacity of this area is expected to multiply once the ports of Shanghai, Nanjing, Nantong, Beilun and Zhoushan are rebuilt or expanded.

In addition to old ports in south China's Guangzhou, Shantou and Fuzhou, some new deepwater ports have been established in Guangdong Province's Huizhou, Zhuhai and the Dapeng Bay of Shenzhen.

At present a 100,000-ton coal terminal and a 50,000-ton crude oil and container terminal are under construction in this area, which will develop into an international port group after they are completed.

The Qinhuangdao port of north China's Hebei province has become the largest coal-handling port in the world, and the ports of Dalian, Tianjin, Zhoushan and Beilun have also become the largest foreign trade ports in China to handle containers, crude oil, minerals and liquefied chemicals.

By the end of this century, ten leading ports will see their handling capacities surpass 100 million tons each and will be ranked as large international ports, who will include those of Dalian, Qinhuangdao, Guangzhou, Zhuhai and Huizhou.

At the same time, some new ports are under construction in the coastal area of the Yellow Sea in east China, the last area in China to own large ports.

Economist Praises Nation's Stock Markets

OW1912054094 Beijing XINHUA in English 0248
GMT 19 Dec 94

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—Economist Xiao Zhuozi has said that China's stock market has entered a new period marked by "improvement in quality and steady increase", according to today's "SHANGHAI SECURITIES."

Addressing a conference in Shanghai recently, the economics professor of Beijing University said, "There are many things that we must do during that period." But, the most important thing is to enhance the public's understanding of the stock market.

"We must protect the stock market and investors," said Xiao, who is also director of the Beijing Market Economy Research Institute, explaining that the approach will help lay a sound foundation for the expansion of the stock market in China.

The economist also stressed the importance of enhancing investors' confidence, noting that China's stock market will certainly continue to grow.

"I think the sluggishness and fluctuations in the stock market are only temporary. Development of the stock market is a long-term trend," he said.

It is also necessary to improve the quality of listed companies and correctly handle relations between individual and institutional investors, he noted.

He said that China's stock market is not large at present, leaving room for a great increase in the number of listed companies and stock investors, and the number of stocks available.

Effective measures should be taken and policies readjusted to increase the amount of money flowing into the stock market, he said.

Report Says Shanghai Stock Exchange 'Booming'

OW1912052994 Beijing XINHUA in English 0259
GMT 19 Dec 94

[FBIS Transcribed Text] Shanghai, December 19 (XINHUA)—China's largest stock market, in Shanghai, the country's main financial center, is booming as more and more investors surge in.

Turnover in the market in the past 11 months totalled 1,629.17 billion yuan, about 5.47 times that of the previous three years together.

Experts predict that the figure will surpass 2 trillion yuan by the end of this year, and they explain the flourishing market by saying that strengthening reforms of the financial system, which have made the market more active [as received].

In fact, the Shanghai stock market hit a record 1.09 million deals one day this year, topping all such markets throughout the world.

At present, the market has 251 types of shares, including 169 "A" shares (registered in domestic markets and available to domestic investors only) and 33 "B" shares (registered in domestic markets and available to overseas investors only), which have a combined value reaching 400 billion yuan with a turnover accounting for 70 percent of the country's total. There are also 24 types of

treasury bonds, 12 types of funds, and 13 types of commercial and financial bonds.

Reviewing this year's market transactions, experts say that the Shanghai stock market has four characteristics that distinguish it.

The market's services extend over the whole country. The 550 members of the stock exchange now provide services for investors across the country with their 3,200 seats in the exchange and are connected with 19 provincial centers through computers.

More and more big enterprises, mostly engaged in industry, have beat a path to the market to issue their shares.

Over the past 11 months, the number of such enterprises has reached 170, 60 percent more than the figure of the previous year, including 76 enterprises from outside Shanghai, accounting for 44.7 percent of the market's total.

Experts say that the huge sum of capital that the market has mobilized plays a vital role in boosting the country's economic development and evening the circulation of resources. While enhancing the trading of stocks, the Shanghai stock market has also pushed the development of bond transactions.

The market has specially set up a bond department and a bond trading hall and is bent on building greater efficiency and mobility in the bond market while cutting the costs of operation.

During the first 11 months of this year, turnover in bonds in the spot, futures, and repurchasing transactions totalled one trillion yuan, about 158 times the figure of the previous year, with daily turnover averaging four billion yuan. In one day alone the figure hit 80 billion yuan.

In addition to increasing its domestic services, the Shanghai stock market has directed increasing attention to extending its services abroad.

So far, having been designated the 36th overseas market by Japan, it has 33 "B" shares worth 2.9 billion yuan at issue price, attracting over 50 foreign financial institutions to the market.

Experts predict that the Shanghai stock market will be able to introduce more and more overseas capital by selling "B" shares, "H" shares (issued in Hong Kong), "N" shares (issued in New York) and deposit receipts (DR).

To modernize its operations, the market has applied computers to all its deal making and built a central registering and accounting system in accordance with the G-30 [Group of 30] international standard.

Magazine Forecasts 1995 Commodity Market

OW1912085394 Beijing XINHUA in English 0822
GMT 19 Dec 94

[FBIS Transcribed Text] Beijing, December 19 (XINHUA)—China's commodity and materials market will see a balance in the supply and sales next year, according to MARKET DAILY.

The demand for steel products next year will rise by five to eight percent, and actual output will increase by seven million tons.

The consumption level of copper and aluminum next year will be the same as this year.

The demand for coal will go up by 4.5 percent while the output rise by five percent, basically meeting the needs.

According to the professional paper, the demand for cement next year will be 10 percent up, the same growth rate of this year.

Ranking first in cement production in the world for nine years running, China will produce cement enough for domestic use while expanding exports.

GDP Growth 'Closely Related' to Asset Investment

HK1812084594 Beijing CHINA DAILY in English 17
Dec 94 p 1

[By Wu Yunhe: "GDP Growth To surpass State Target For 1994"]

[FBIS Transcribed Text] China's gross domestic product (GDP) is expected to exceed 4,000 billion yuan (\$465.1 billion) this year, the State Information Centre predicts.

The central government's commitment to loosening its control over the money supply early in the year and tightening it as the year progressed will eventually culminate in a GDP growth rate which will surpass the State target for this year, said a centre official.

"This year, the GDP growth is expected to be 14.5 per cent, which is somewhere near the government's target of 10 per cent GDP growth, set at the beginning of this year," said Xu Hongyuan of the centre's economic forecasting department, which is under the State Planning Commission.

Economic Efficiency

The economic efficiency of the country's industries and infrastructure construction have contributed most to the GDP, said Xu.

The agricultural output is expected to drop this year, while the development of the service industry is "quite stable," said Xu.

He noted that this year's rapid GDP growth is closely related to the excessive fixed assets investment China experienced last year.

The escalating GDP growth this year is accompanied by concordant inflation, which is typically reflected in the prices of agricultural products.

The national inflation rate is expected to be about 18 per cent this year, Xu said.

This is a slight improvement over the price growth during the first six months of this year—when the rate was 19.8 per cent, the centre's official said.

The government's efforts to strengthen its macro control over the money supply are effective in warding off inflation, he noted.

The centre's initial estimates show this year the country's fixed assets investment is likely to hit 1.554.8 billion yuan (\$180.8 billion), up 31.4 per cent over last year.

However, the annual growth of fixed assets investment was 50.6 per cent last year, said Xu, who predicted that the rise will taper even more next year.

The country's fixed assets investment mainly come from the credits of Chinese banks and foreign loans.

This year, the newly-increased loans State-owned banks provide to the country's various economic sectors may reach 552 billion yuan (\$64.1 billion), up 20.9 per cent from a year ago.

The majority of the fixed assets investment has been used to ease the crunch of upgrading the country's economic infrastructure.

However, the development of infrastructure projects, including transportation, energy and telecommunications, still cannot keep pace with the burgeoning industrial base.

132 Million Tons of Crude Processed This Year

OW1712144794 Beijing XINHUA in English 1439
GMT 17 Dec 94

[FBIS Transcribed Text] Beijing, December 17 (XINHUA)—China's petroleum industry has refined 132 million tons oil this year, of which 107 million tons were done by China's National Petroleum Corporation (SINOPEC).

SINOPEC said that the total amount of gasoline, kerosene, diesel oil and lubricant is expected to reach 68.54 million tons this year, a bit lower than that of last year.

China imported 12 million tons of crude, 3.85 million tons less than in 1993, indicating that the measures to correct the circulation system of crude and oil products over the past eight months has worked.

SINOPEC said its ethylene output this year may reach 1.87 million tons and urea production, a record 5.2 million tons.

SINOPEC's gross output value is expected to hit 84 billion yuan (nearly US\$ 10 billion).

The corporation expects moderate increases in the amount of oil processed and output of oil products and big increases in petrochemical products next year.

The corporation will go full steam ahead with chemical fertilizer production, especially urea, in order to give a more powerful backing to agriculture.

Textiles Hit by 'Price War' in Cotton Sector

HK1712075394 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 9

[By Cheung po-ling]

[FBIS Transcribed Text] China's textile industry—vital in earning hard-currency—could soon be facing its worst crisis if the Government fails to defuse the price war over cotton purchases, officials have warned.

Reports revealing cotton production has dropped for two consecutive years also show stockpiles are dwindling rapidly. Since domestic demand, particularly from the textile sector, is persistently high, cotton supplies are under great pressure this year.

An official of the Cotton Supply and Sales Office of Shandong province confirmed yesterday that it had found it difficult to meet its purchase quota, 0.5 billion kilograms, this year. Mr Fang said: "It is very difficult to manage the huge cotton market. Although China has reinstated its cotton monopoly policy, most of the cotton farmers found it very tempting to sell their produce on the black market, where they made substantial profits last year."

"The Government has a problem to meet the big appetite of the farmers. In the end, the most affected sector will be the textile-related industries," he said.

China has resumed its monopoly over cotton pricing, marketing and sales to stop chaotic pricing this year after bollworm destroyed 40 per cent of the crop in 1993. The market price hit 750 to 800 yuan (HK\$683 to HK\$729) per 50 kg last year, while the state price was only 390 to 440 yuan. Although this year the Government raised the price to 500 yuan, it still lagged far behind what the market was offering.

Officials of Hebei province admitted cotton purchases had slowed down this year. Wang Zhisheng, a Provincial Cotton Office official, said most of the farmers preferred stockpiling their harvest to selling to the state. "It is a side effect of the price war last year. Farmers want to wait and see, hoping the officials will raise their price in view of the sluggish rate of purchase," said Mr Wang.

Chinese experts said the supply of cotton was crucial to the survival of many textile factories in China. Professor Hu Xiqi of the Beijing Institute of Agricultural Studies said many textile factories would be forced to close down due to inadequate supplies. "China is a major garment-exporting country. If the cotton supply is not ensured, many workers at garment factories will be out of a job," said Professor Hu. "It is a serious problem because it would affect social stability," he added.

China Said 'Gripped' by 'Agricultural Crisis'

HK1712073694 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 9

[By Willy Wo-lap Lam]

[FBIS Transcribed Text] China is gripped by the worst agricultural crisis since the start of the open-door policy as governments of all levels scramble to ensure sufficient grain supplies and to keep production costs down. Farming officials said regions including the northeast had reintroduced ration coupons to control the consumption of staples. This is despite claims that grain harvests this year will be on a par with the record 45.64 million tonnes last year despite bad weather.

The State Planning Commission has announced a package of emergency measures to depress the prices of producer goods such as fertilisers and insecticides. This is meant to persuade farmers to grow grain instead of going after more lucrative economic activities.

The semi-official Hong Kong China News Agency (HCKNA) [ZHONGGUO TONGXUN SHE] reported yesterday that the commission and related units, such as price-monitoring departments, would "strengthen management" over the wholesale and retail prices of production materials. "We must resolutely investigate and handle cases of (sales outlets) raising prices indiscriminately, engaging in speculation or selling inferior products," HCKNA quoted authorities as saying. Beijing has also pledged to offer tax incentives and sufficient loans to producers and retailers of raw materials.

Senior officials have indicated that the policy of forcing rich and industrialised areas to maintain a "minimal quota" of farmland for grain production would be long-term.

The quasi-official China News Service [ZHONGGUO XINWEN SHE] yesterday quoted the Alternate Member of the Politburo, Wen Jiabao, as calling on coastal administrations to "give priority to and strengthen" agricultural development. "Coastal regions must stabilise and develop agriculture," Mr Wen said. "They must uphold and perfect the party's basic farm policy." Mr Wen said that while farmers could take a multi-pronged approach, they must protect arable land and not cut grain output.

Several provinces, including Guangdong and Fujian, yesterday introduced a law to protect farmland. The

provincial legislature stipulated that area under protection must not be less than 15 million mu (slightly over one million hectares).

Severe grain shortages have hit less well-off provinces in the northeast and southwest. The Government of Guangxi, which was hit by severe floods in summer has started a campaign called "ensuring that everybody has rice to eat and does not suffer starvation".

Li Peng Stresses Importance of Agriculture

OW1812133794 Beijing XINHUA in English 1323 GMT 18 Dec 94

[FBIS Transcribed Text] Changsha, December 18 (XINHUA)—Premier Li Peng urged government officials to put priority efforts in agriculture during his inspection tour in central China's Hunan Province last week.

Li said that agriculture plays a vital role in China since the majority of China's 1.2-billion population are farmers. There lies a pressing task for the country to upgrade agricultural production and envitalize rural economy.

Hunan Province turns out large amounts of grain, cotton and edible oil. Despite severe natural disaster, the province produced 27 million tons of grain this year, increasing 2.86 percent over that of last year and close to the history record. And it also achieved a record output of cotton and edible oil.

During the country's next Five-Year Plan period (1996-2000), China faces a thorny task of having an annual increase of 50 million tons of grain.

To achieve this goal, Li said local governments should on one hand make efforts to fully display the enthusiasm of farmers, and on the other hand put more funds into agriculture to promote rural science and technology, the premier said.

Meanwhile, Li stressed that irrigation is the lifeblood of agriculture, and agricultural production relies on water conservancy facility to a great extent.

People in Hunan Province, just like those in other places, are trying their best to improve water conservancy facilities during the winter months.

On Saturday, the premier took part in the work in drizzle at one stretch of anti-flood dam near Changsha, and extended his regards to the workers and military soldiers at the construction site.

The work to harness the Dongting Lake of the province is also very important, Li said, for it is related to 10 million people in the lake areas and 667,000 ha of farmlands which yield 40 percent of the province's grain.

While holding talks with local agricultural experts and professors, Li is pleased to see that they have made marked progress in cultivating hybrid rice species, and

said that fine crop species should be the direction toward a more efficient agriculture.

The premier also urged local officials to learn the experience of coastal areas and achieve ever more progress in economy and people's livelihood.

Jiang Chunyun Calls For Boosting Agriculture

*OW1612152594 Beijing XINHUA in English 1506
GMT 16 Dec 94*

[FBIS Transcribed Text] Zhengzhou, December 16 (XINHUA)—A senior Communist Party of China (CPC) official urged local officials to boost agricultural and rural economic development at this time of excellent opportunities for such efforts.

During an inspection tour of central China's Henan Province from the 11th to the 16th of this month, Jiang Chunyun, member of the Political Bureau and a member of the Secretariat of the CPC Central Committee, said such opportunities come from the increasing demand for agricultural products.

Jiang quoted local farmers as saying that all farm products they produce can be sold out at a good price no matter what they are or how much has been produced.

"It's the first time in years," Jiang said, adding that with the rapid economic growth and the improvement of the standards of living, there is an increasing demand for farm produce. "This is a tremendous impetus for agricultural development," he said.

He noted that local governments in China are quite serious about the importance of agriculture and locales have a clearer idea about how to boost agriculture. "These are all favorable opportunities for further agricultural development," he said.

On how exactly to go about seizing the opportunity, Jiang said that a diversified economy and township industries can be developed when grain production is ensured.

Farmers' income cannot be increased by sacrificing grain production and fields, he said, explaining that it must be achieved by developing breeding, the processing industry, and commerce and trade.

He spoke highly of Henan's Fugou county which had long been suffering from poverty but became better-off when it got involved in raising cattle. Provincial sources said that the county, in Zhoukou prefecture, has had a marked increase in farm products and per-capita income. The county is expected to push that income to 1,200 Yuan, or 476 Yuan over the average for the prefecture.

Jiang urged local governments to intensify construction of agriculture infrastructure so as to improve conditions for production.

Flood and drought are still two major factors hindering the development of agriculture, he said. Therefore, greater efforts must be made to speed up the construction of irrigation projects, enhance afforestation, and improve low-yield farmlands so as to achieve stable agriculture production.

Jiang also called for strengthening agriculture researches and developing agro-technology in order to improve the quality of farm produce while increasing quantity. Efforts must be made to integrate farming with processing and trade and guide farmers in developing commodity production in line with market demand, he said.

Wen Jiabao on Agriculture's 'Strategic' Role

*OW1612134694 Beijing XINHUA in English 1309
GMT 16 Dec 94*

[FBIS Transcribed Text] Hangzhou, December 16 (XINHUA)—China's coastal areas are urged to strengthen and ensure stable development of agriculture while developing industry and service trade rapidly, according to Wen Jiabao, alternate member of the Political Bureau of the Central Committee of the Communist Party of China (CPC).

"In the development of the national economy, the fundamental position of agriculture cannot change, and the social efficiency and strategic role of agriculture are not replaceable," he said, during an inspection tour in Zhejiang, a coastal province in east China.

The provincial government has attached great importance to agriculture in this province, which is one of the fastest-developing areas in the country.

Wen, who is also a member of the Secretariat of the CPC Central Committee, made his tour in the rural areas of Shaoxing, Jinhua, and Hangzhou cities between December 8 and 16.

He said that priority should be given to agriculture and implementation of the basic policies of the CPC Central Committee in the rural areas. This would ensure a supply of vegetables, meat, and food grains and would increase the farmers' income, while strong economic strength in those areas could help support, protect, and improve agriculture.

For the long-term interests of the national economy and development of coastal areas, grain production is the key link, he said, noting out that they should guarantee agricultural input, construction of water conservancy facilities, raising farm production levels and protection of cultivated land, especially for grains and vegetables, as well as for agricultural resources and ecological environment.

He called for efforts to strengthen the social service system in rural areas and speed up the modernization of agriculture as well.

Chen Junsheng Stresses Reaping Good Harvest

SK1912061594 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 17 Dec 94

[FBIS Translated Text] From 14 to 17 December, State Councillor Chen Junsheng, accompanied by pertinent provincial and city leaders, conducted an investigation and study as well as observation activities in the supply and marketing cooperative of the town of (Qingniuhe) in Leting County, the town of (Mafuying), and Jingtang Harbor. During that period, Comrade Chen Junsheng heard work reports by the provincial supply and marketing cooperative as well as the Tangshan government, and held discussions with city, county, town, and township leaders.

Chen Junsheng emphasized: For the present and for some time to come, agriculture and rural work should be firmly focused on reaping a good harvest in next year's agricultural production and on ensuring a sustained and stable development in the rural economy. First, we should make sure that the current cultivated land is stabilized, and no cultivated land is misused for other purposes, no matter what the excuse. Second, we should do a good job in winter planting, farmland management, and accumulation of manure, and we should accelerate construction of farmland water conservancy facilities. Third, we should make active efforts to disseminate advanced and applicable agrotechnology to improve the technological level of agricultural production. Fourth, we should never slacken efforts in grain production, and should make efforts to resolve the low efficiency of grain production. Only when the primary, secondary, and tertiary industries are developed in a coordinated manner, can we create reserve strength for sustained development in agriculture and the rural economy.

Discusses Coastal Grain Production

OW1712093594 Beijing XINHUA in English 0856
GMT 17 Dec 94

[FBIS Transcribed Text] Beijing, December 17 (XINHUA)—A leading Chinese official in charge of agriculture today called for greater efforts to ensure grain production in coastal areas.

Chen Junsheng, a State Councillor responsible for agricultural affairs, said in a lengthy article carried in today's ECONOMIC DAILY that coastal areas must work hard to solve the grain issue and maintain a balance between grain supply and demand if they want to bring about a faster development of the overall economy in their localities.

"This is an important objective for economic development and is a prerequisite for social stability," he said.

Rural areas along the Chinese coast have made great achievements in reform and development since China decided to open to the outside world in 1978.

The emergence of a large number of rural and township enterprises in coastal areas and the deepening of the country's open-up drive have made these areas lead other inland rural areas of the country to shift from a planned economy to the track of a socialist market economy, and the pace of industrialization and the modernization of agriculture in rural coastal areas has proved to be faster than in other rural parts of the country, Chen went on.

Some rural coastal areas have realized the target of allowing local residents live a comfortable life ahead of the country's set schedule for that goal (by the year 2000), with per capita gross product reaching 10,000 yuan (about 1,162.79 U.S. dollars) and per capita annual net income for farmers surpassing 1,500 yuan.

The structure of the economy in these rural areas has also undergone great changes in tandem with the rapid economic growth, said Chen.

But over the past few years the slow growth of grain production in the rural coastal areas has become more and more a drag on the development of the rural economy, the State Councillor warned.

Some coastal provinces have reported a decline in their grain output for several years running, and the gap between grain demand and supply has become more and more obvious, seriously restraining the overall economic development of these provinces and affecting supply and the stability of prices on the grain market nationwide.

The State Councillor said the rapid development of the rural economy in the coastal areas has created favorable conditions for solving the decline in grain production.

Chen also called for a deep understanding of the significance of maintaining a balance between grain supply and demand in coastal areas.

He said that coastal areas should give priority to boosting grain production in their different localities in a bid to realize a balance between supply and demand.

"Seeking a balance does not necessarily mean that the coastal regions should completely become self-sufficient in grain," the State Councillor explained, "but they must make painstaking efforts to fully tap the potential for grain production and keep a comparably high ratio of self-support in grain supply."

He urged local governments at various levels in the coastal regions to attach greater attention to grain production, adopt effective measures, such as adjusting industrial policies and investment structure, increasing the supply of money and goods for farming, enhancing the application of agrotechniques, stabilize the sown area of grain and improving the basic conditions for promoting grain production.

As a complementary measure, coastal areas should also establish stable purchase-marketing relations with

leading grain production bases in Central China, and import a certain amount of grain from overseas, he added.

Rural Savings Reach Record High Jan-Nov

OW1712140394 Beijing XINHUA in English 1336
GMT 17 Dec 94

[FBIS Transcribed Text] Beijing, December 17 (XINHUA)—Savings on the accounts of agricultural banks and cooperatives nationwide have been growing fast this year, amounting to 825 billion yuan (about 94.8 billion U.S. dollars) by the end of November, a spokesman for the Agricultural Bank of China revealed.

He said that the figure represented a net increase of more than 210 billion yuan over a year ago, making 1993 the fastest-growing year in history.

A sound national economy, increased incomes of farmers, anti-inflation measures by the central government and reforms in the financial system are the major factors behind the fast growth, the spokesman noted.

He said that the expanded savings have eased fund shortages in the rural areas and made it possible to increase input in agriculture.

By last month, the country had purchased from farmers 56.68 million tons of grain, 2.41 million tons of cotton, 1.14 million tons of edible oil, 1.41 million tons of tobacco, 33.8 million head of pigs and more than 20 million tons of sugar and sugar-products.

Statistics show that the agricultural banks and cooperatives granted agricultural credits totaling 188.6 billion Yuan from January to November, 61.3 billion Yuan more than in the same 1993 period.

A big chunk of the loans was used to bolster grain production and finance special agricultural and vegetable programs and projects, such as the national "Vegetable Basket" project, the spokesman said.

East Region

Township Firms Account for Half of Anhui's Growth

OW1512163094 Beijing XINHUA in English 1551
GMT 15 Dec 94

[FBIS Transcribed Text] Hefei, December 15 (XINHUA)—East China's Anhui Province, which has led the rest of China with its industrial increase rate, has seen a marked increase in the number of township industries which makes up half of its industrial growth.

According to provincial sources, Anhui boasts more than 25,000 township enterprises with an estimated output value of over 40 billion yuan, an increase of 76 percent over last year, providing 34 percent of the province's total industrial output value.

Such enterprises are expected to pay almost three billion yuan in taxes this year and one-third of the farmers' total income in Anhui comes from township industries.

To promote industrial development, the province has supported ten counties in helping to broaden their scale and by pushing technological advances. By now, these ten counties produce an average of 3.47 billion yuan in output value in township industries.

Export-oriented township industries are another new development in the province. About 20 percent of the province's exports are expected to be produced in these businesses and the number of foreign-funded township enterprises has come up to over 240.

Fujian Accelerates Growth of High-Tech Industry

OW1712142394 Beijing XINHUA in English 1352
GMT 17 Dec 94

[FBIS Transcribed Text] Fuzhou, December 17 (XINHUA)—East China's Fujian Province with a weak industrial foundation and relatively limited natural resources is relying the development of new and high-tech industry to boost local economy.

At present, the province has set up six state and provincial new and new high-tech industrial development zones consisting of 93 enterprises.

These zones generated output value totalling five billion yuan and obtained income amounting to four billion yuan last year.

This year has witnessed Fujian's 12 high-tech projects be listed into the state "Torch Plan" and 68 into the provincial "Torch Plan".

In addition, construction of the high-tech zones is in full swing.

While still under construction, Jinjiang High-tech Zone has approved the establishment of ten projects; and

Xiamen Torch High-tech Industrial Zone has built workshops with a combined space of 280,000 square meters. It has accommodated 50 enterprises.

These enterprises are expected to generate 800 million yuan worth of industrial output value and 60 million yuan in profits and taxes this year, and export 50 million U.S. dollars worth of goods.

The output value of Fuzhou Development Zone, another state high-tech industrial development zone in Fujian, is estimated at one billion Yuan this year.

To accelerate the speed of high-tech industries, Fujian has set up a high-tech development association, and plans to speed up the construction of a coastal and a mountainous "Torch" belt and more high-tech zones in the near future.

The province's high-tech industry is encouraged to generate output value between 18 billion Yuan and 20 billion Yuan in the year 2000, accounting for 10 percent of the province's total industrial output value.

Jiangsu: Foreign Companies Increase Investment

OW1912073194 Beijing XINHUA in English 0702
GMT 19 Dec 94

[FBIS Transcribed Text] Suzhou, December 19 (XINHUA)—Ten foreign companies have increased their investments by a total of 70.45 million U.S. dollars in the new economic zone of Suzhou city, in eastern China, since July.

According to city officials, the smooth development of the city's infrastructure construction has acted as an incentive for these investments.

This year, the city has sped up development of its postal and telecommunication services, its energy industries, and transportation systems.

At the same time, two apartment buildings, providing convenient housing, shopping, recreation, and even an international primary school for the children of foreign businessmen who have move here with their families, were completed.

Another reason for the increase is that most of the early investments have had a high rate of return. Some of the joint ventures have doubled their production and output every year.

The city has also simplified methods of application for foreign investments, providing greater convenience and help.

A joint venture has been established by the city, producing equipment for the Phillips company of the Netherlands, Sony of Japan, and other international companies, to promote production, thereby encouraging Phillips to invest \$15m.

Jiangsu Launches Dianshanhu Town Model Project

HK1912071094 Beijing CHINA DAILY in English 19 Dec 94 p 5

[By Zhang Yuan: "Building of Model Town Kicked Off in Jiangsu"]

[FBIS Transcribed Text] Kunshan, Jiangsu Province—An array of business activities marked the launch yesterday of the Dianshanhu Town Model Project, one of the priority projects on China's 21st Century Agenda.

The Dianshanhu project, in the city of Kunshan in Jiangsu Province, is one of the 63 projects chosen by the State Planning Commission and the State Science and Technology Commission to make up the priority programme for China's 21st Century Agenda, which is China's White Paper on Population, Environment and Development in the 21st century.

The Dianshanhu project aims to develop high-technology projects and tertiary industry, making the best use of the town's geographic advantages.

The town is only 33 kilometres away from Shanghai's Hongqiao International Airport.

Local officials said that besides giving a boost to the town's economic development, the model project will result in experience that will be useful for similar projects in other parts of the country.

A series of business activities marked the official start of construction, including the signing of contracts between domestic and foreign partners and ceremonies and the launch of some large real estate projects.

A celebration was held to mark the official start of construction on the World Figures City, a Hong Kong-mainland joint-venture real estate project.

The million-dollar project is one of the largest real estate projects in Jiangsu. Each of its buildings will be named after a world famous person.

Among the other projects, the Dianshanhu International Entertainment Park, has a planned investment of some 200 million yuan (\$23.5 million).

The China International Base for Co-operation of Small and Medium Enterprises, approved by the State Planning Commission, is the first of its kind in China and is expected to promote co-operation between Chinese and foreign small and medium businesses.

Jiangxi Develops Automatic Telephone Network

OW1912091194 Beijing XINHUA in English 0845 GMT 19 Dec 94

[FBIS Transcribed Text] Nanchang, December 19 (XINHUA)—As of yesterday, an automatic telephone network covers all 100 counties and cities in East China's Jiangxi Province.

The network has been connecting cities at the prefecture level or higher since 1991, but many of the province's counties still suffered from outmoded telecommunications systems.

In the first ten months of this year, the province invested 900 million yuan (106 million U.S. dollars) in building a network covering 45 counties.

During the period, an automatic switchboard with 25,000 lines was installed, 1,600 kilometers of optic fibres were laid, and 2,200 kilometers of a digital microwave project completed.

Shandong Conducts Teleconference on Labor Law

SK171203294 Shandong People's Radio Network in Shandong 23 Dec 94 16 GMT 16 Dec 94

[FBIS Transcribed Text] Jinan—A provincial teleconference on implementation of labor law was held in Jinan on the afternoon of December 16. Song Fatang, deputy secretary of the provincial party committee and vice governor of the province, attended the teleconference and gave a speech on how to successfully implement the labor law.

Song Fatang stressed: The labor law is a basic law for the comprehensive readjustment of labor relations for defining labor standards. The implementation of this law not only has a bearing on the personal interests of workers and staff members but is also directly related to the overall situation of reform, development, and social stability. All levels of governments and all pertinent provincial departments should strengthen supervision and inspection over the implementation of this law in order to ensure that this law is actually implemented and all law breakers are punished. All localities should rapidly establish labor supervision organs, provide labor supervision staff, and conduct labor supervision work as demanded and should also conscientiously study and handle new cases and new problems that emerge in the course of implementing this law in order to ensure its smooth implementation.

Song Fatang said: At present, some difficulties and problems exist in our economic lives. For instance, relatively more enterprises are sustaining losses, and some have been forced to stop production or operation, thus putting their workers and staff members in a bad situation. For this, we should have a sober understanding and appropriately settle down surplus workers and staff members. The reduction of staff must be carried out in strict accordance with the scale and procedures stipulated by the labor law. We should pay attention to employing laborers and provide a guarantee for the daily lives of workers and staff members of the enterprises that are experiencing difficulties as well as for the daily lives of retired personnel with a view to eliminating instable factors and hidden perils.

Shandong Official Stresses Cotton Procurement

SK1812073494 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 17 Dec 94

[FBIS Translated Text] The provincial teleconference on further strengthening cotton procurement and reform of chemical fertilizer and petroleum circulation system was held on the morning of 17 December. Vice Governor Wang Jiangong presided over the teleconference, and Vice Governor Wang Yuxi delivered a speech.

Wang Yuxi said: Thus far, the province has procured 6.297 million dans of cotton, 63 percent of the planned figure. Continuing to strengthen cotton procurement remains a central task at the moment. For this, we should further seek unity of ideas and understanding and resolutely manage cotton markets well. All localities should implement the province-assigned quotas to various counties, townships, and villages as quickly as possible and should again set off an upsurge of cotton marketing in the next two weeks to ensure the fulfillment of the task of procuring 8 million dans of cotton by the end of this year.

With regard to the reform of chemical fertilizer circulation system, Wang Yuxi said: We should thoroughly clear up the chemical fertilizer management channels, ensure the fulfillment of the provincial-level plan for overall control over chemical fertilizers, and strictly control the outflow of essential factors. We should continue to supervise and inspect prices of chemical fertilizers, increase their production, expand [words indistinct], and increase storage to ensure as far as possible the supply of chemical fertilizers to be used by spring farming.

With regard to the reform of petroleum circulation system, Wang Yuxi said: The province has already achieved initial results since all-round arrangements were made for the reform of crude oil and refined oil circulation system this past July. However, some localities are still blindly building small oil refineries, and indigenous oil refining furnaces have not yet been banned completely. For this, governments at all levels should strengthen leadership and accelerate the tempo of work to resolutely ban all indigenous oil refining furnaces.

With regard to the issue of supply on markets, Wang Yuxi stressed: We should actually organize well the supply of grain, edible oil, and major nonstaple foods to ensure supply on markets. We should pay attention to the allocation of major commodities, establish as early as possible the system of storage and risk-taking fund for major commodities, strengthen management of prices of grain, edible oil, and major nonstaple foods, and strictly control their markets.

Shandong Approves Establishment of Colleges

SK1712073894 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 16 Dec 94

[FBIS Translated Text] A few days ago, the provincial government formally transmitted a document to approve

that the first-batch of seven people-run institutions of higher learning in the province, entering the stage of preparations. These seven institutions include: The people-run Shandong Vocational School sponsored by the provincial committee of the China Democratic League; the people-run Shandong Construction School sponsored by the provincial committee of the China Association for Promoting Democracy; the people-run (Zhouyue) college sponsored by the Shandong Provincial Association of Vocational Schools; the people-run Yantai (Yunzu) College sponsored by the Yantai (Xinyuan) Group; the people-run Huaxia Qilu College cosponsored by the Huaxia Culture Promotion Association and (Dong Tingchao); the people-run Shandong (Yinghua) College sponsored by (Zhang Chuanqing); and the people-run (Minmeng) College sponsored by (Jiang Qing).

'Roundup' on Shanghai's Growth Since Deng's Visit

OW1912080594 Beijing XINHUA in English 0652 GMT 19 Dec 94

[("Roundup: Shanghai's Economy Continues To Grow")]

[FBIS Transcribed Text] Shanghai, December 19 (XINHUA)—The economy in China's largest economic center has been surging over the past three years since veteran Chinese leader Deng Xiaoping inspected the city and urged it to boost its economy.

According to statistics, its gross domestic product rose 14.8 percent in 1992, 14.9 percent in 1993, and 14.4 percent in the first 11 months of this year.

As a result of adjusting its industrial structure, the proportion of service trades in the municipal economy rose to 37.9 percent last year, and 39.5 percent in the January-November period of this year.

With banking, trade, transport, and telecommunications as the basis, this has greatly helped boost the municipal economy.

The growing automotive, electronic information, power, petroleum, refined chemicals, iron and steel, and home appliance industries in this leading industrial center have taken more definite shape.

By now, Shanghai has set up 11 different markets for increasing production, including a stock exchange and a metals exchange, whose combined volume totalled 1,100 million yuan last year.

The stock, petroleum, grain, metals, and edible oil markets are now linked to international ones.

The Shanghai Stock Exchange is connected with capital cities across the country via satellite, and the Shanghai Metals Exchange has developed into the third largest of its kind in the world. The establishment of this modern market has helped to develop the operation of the market economy as a whole.

Meanwhile, Shanghai has made a breakthrough in the use of foreign capital and foreign trade. A survey has shown that direct foreign investment in Shanghai in the first 11 months of this year amounted to 9.16 billion U.S. dollars, an increase of 40 percent over the same period of last year, and is expected to exceed 10 billion U.S. dollars by the end of this year.

More than 95 percent of foreign-funded enterprises are successful, with at least 80 percent having made a profit. The increase in foreign trade surpassed that of its gross domestic product last year.

The city exported 7.3 billion U.S. dollars last year and 8.2 billion U.S. dollars in the first 11 months of this year, up 23.3 percent over the same period last year.

Shanghai is expected to export 8.8 billion U.S. dollars worth of goods this year, an increase which will make it 10 percentage points higher than the gross domestic product.

To help provide a base for its rapid economic growth, the municipal government has concentrated on improving infrastructural facilities. An official said that the amount of investment in their construction over the past three years was equivalent to the total of that of the decade of the 80s. At present, Shanghai is using foreign investment to transform its aged urban districts.

The official noted that this oldest of China's industrial cities is now putting on a new face.

Shanghai Industry Records Double-Digit Growth

*OW1912090094 Beijing XINHUA in English 0756
GMT 19 Dec 94*

[FBIS Transcribed Text] Shanghai, December 19 (XINHUA)—The first three quarters of 1994 have seen six industries accounting for 45.2 percent of the trade volume in Shanghai, China's largest city.

Goods worth 103.4 billion yuan were traded by the industries, involving automobiles, telecommunications, iron and steel, petrochemicals, power station facilities, and household appliances. It is estimated that in 1994 the trade volume will increase some 20 percent from that of 1993, which totalled 106.9 billion yuan.

Propelled by the growth of the six industries, the industrial output in Shanghai in the first ten months hit 165.3 billion yuan, up 10.1 percent from 1993. This is the first time Shanghai has

Experts say that imported advanced technology and management skills have been introduced into the industries, coupled with growing international cooperation. In cooperation with foreign firms, the six industries have constructed a foundation.

As the largest manufacturing center in China, Shanghai has met fierce competition from neighboring provinces

in the materials and products markets since China initiated reforms and opening-up 15 years ago.

The traditional industries, such as textiles, have found their profits dropping by a large margin, or have even suffered heavy losses. For that reason, Shanghai adjusted its industrial structure, giving priority to the development of the six pillar industries.

Wu Bangguo, former mayor of Shanghai and now a member of the Standing Committee of the Political Bureau of the Chinese Communist Party, said that the structural adjustment is aimed at making full use of Shanghai's industrial potential.

Ren Shangen, a senior official responsible for economic planning in Shanghai, said that the six industries feature a wide range of application of high-technology, high added value, modern production methods, large-scale economy, and products suited to the market.

Ren disclosed the fact that by the year 2000, each of the six industries will score a trade volume of 20 billion yuan, but that the automotive, iron and steel, and petrochemical industries have already fulfilled their targets.

In addition, Shanghai has listed computers, modern bio-engineering techniques, and medicines as new economic growth pillars.

Shanghai Court Declares Weaving Factory Bankrupt

*HK1512134894 Hong Kong AFP in English 1123 GMT
15 Dec 94*

[FBIS Transcribed Text] Shanghai, Dec 15 (AFP)—A Shanghai court has declared Shanghai No. 2 Weaving Factory bankrupt following an application by the state-owned enterprise, a newspaper reported Thursday.

Xinmin Evening News said the factory, which used to be one of the largest contributors to the state's coffers, suffered losses from 1990 to 1993 following poor management from 1987.

As at March this year, the factory recorded an accumulated deficit of 3.27 million yuan (384,000 dollars) and debts amounting to 7.66 million yuan owed to 40 creditors.

The factory has stopped production and put its staff on unemployment subsidy since November last year.

The factory applied to the Changning district court to be liquidated on the grounds that there was no hope to wipe out its deficit and its assets were insufficient to cover its debts.

The report said Shanghai Tiancheng Investment Industrial Company and Shanghai Shirred Belt Factory had already made an agreement to buy the weaving factory's workshop and facilities for 10 million yuan.

The two companies have also promised to arrange for the employment of 168 of the staff.

Central-South Region

Guangdong: Preferential Terms to Joint Ventures

OW1612152694 Beijing XINHUA in English 1515
GMT 16 Dec 94

[FBIS Transcribed Text] Guangzhou, December 16 (XINHUA)—Guangdong Province today announced plans to offer preferential terms in sales and treatment by customs officials to prize-winning overseas-funded enterprises.

One hundred and fifty joint ventures, cooperative businesses, or firms wholly-owned by overseas investors operating in this South China province, which have recently been awarded the provincial "golden-key" prize, will get an increase in their domestic sales quota and enjoy treatment given by customs officials to A-level enterprises, a provincial official said.

The 153 prize-winners, including the Shenzhen Konka Electronic Group Stock Co. Ltd. and Guangzhou Metal Container Packaging Ltd., were chosen from the more than 30,000 businesses using overseas capital operating in this booming province. They range from electronics, textiles, chemicals, power, and transportation to farm produce and the hotel business.

They were given the awards based on standards concerning the implementation of contracts, sound management, good economic returns, high product quality, and good service.

Railway Hopeful of Increasing Guangdong's Freight

HK1912083394 Hong Kong EASTERN EXPRESS in English 19 Dec 94 p 26

[By Beverly Chau]

[FBIS Transcribed Text] Pricing and competition remain large hurdles for Guangzhou-Shenzhen Railway (Guangshen) in the lead-up to its \$4bn float in Hong Kong in 1995. And while the official opening of the high-speed rail link between the two southern cities is scheduled for Thursday, Guangshen's path to listing still seems a hundred miles away.

Although a 1992 report by Guangshen forecast 25.3 per cent net profit growth per year—to 2.68bn renminbi (about HK\$2.44bn) in 1998—a senior official of the Ministry of Railways said the rate has now been revised down to 20 per cent.

The official said keen competitors in freight traffic such as Gordon Wu's Guangzhou-Shenzhen-Zhuhai Expressway had snapped up part of their business. The company remains bullish about the increasing freight traffic from Shenzhen—especially in Shekou, Mawan

and Yantian Port. Fare pricing is another concern. The State Council allowed Guangshen to adopt a fare increase policy in 1991. Although the policy allows for a 50 per cent premium fare charge over the nationwide fare, Guangshen's rate still represents only 20.8 per cent of Hong Kong's train fare rate.

With the policy due to expire at the end of 1995, the mechanism for future fare increases remains uncertain. It is anticipated that another round of negotiations with the Central Price Bureau is unavoidable. Until 1995, Guangshen must contribute Rmb72m to the Sanmao Railway Company, a subsidiary of the Ministry of Railway in Guangdong province. "Instead of granting resources from the ministry, we allocated the funds from Guangshen to Sanmao," Lu Zhenan, the managing director of the Ministry of Railway's Department of Policy Legislation, said.

Guangshen also has to submit 50 per cent of its "extra income" to its parent, Guangzhou Railway, which forecasts Guangshen's profit each year. Any amount exceeding the forecast is deemed "extra". In 1993, Guangshen gave Rmb72m to Sanmao and Rmb202m to Guangzhou Railway. "In the past, everything was state-owned and was shared among the companies ... but when it comes to listing, it needs to be clarified and discussed, which can be a time-consuming process," Lu said.

At present, Guangshen's 217 passenger trains are leased from its sister company, Yangcheng Railway, at a mutually agreed price. Last year the payment to Yangcheng amounted to Rmb112m, accounting for 30 per cent of Guangshen's operating expenses. Guangshen said it plans to restructure itself into a joint stock company covering a range of businesses including property development and trading. It plans to issue H shares accounting for 25 per cent of share capital.

Shenzhen Announces Verdict on Fire Case

HK1512031394 Beijing ZHONGGUO XINWEN SHE in Chinese 1130 GMT 13 Dec 94

[By reporter Xue Donghe (5641 2639 0735) and correspondent Lin Weichun (2651 5898 2504): "Verdicts on the Extraordinary '19 November' Fire Case in Kui Yong"]

[FBIS Translated Text] Shenzhen, 13 Dec (ZHONGGUO XINWEN SHE)—The Longgang District People's Court of Shenzhen City this morning returned guilty verdicts on the defendants in the extraordinary "19 November" fire case that caused a sensation across the country.

On the afternoon of 19 November last year, a fire broke out at the Zhili Handicrafts Factory in Kuiyong Town in Longgang District, Shenzhen City, killing 87, injuring 51, and causing approximately 8 million yuan in damages. The court found the fire a case of serious negligence.

The main persons in charge of the factory neglected production safety, ignored fire department recommendations on the factory's fire hazards, and, by bribing concerned fire department personnel, illegally secured a production safety "approval certificate." The factory's electrician was not licensed but was allowed to start work. He did not follow regulations for installing switches and for using copper wire in fuses. The electrician was found directly responsible for causing the fire in so far as he was responsible for fire prevention in the area of electricity. Concerned personnel of the fire department were found guilty of dereliction of duty and accepting bribes and were also found directly responsible for the fire.

Huang Guoguang (the factory's former manager), Lo Chiu-chuen (former general manager and director of the Hong Kong Zhigao Industrial Company Limited), Leung Kin-kwok (the factory's former manager), and Liu Guangwan (the factory's former electrician) were sentenced to six, two, three, and two years' imprisonment respectively for having a major responsibility for the fire. The court gave fireman Wu Xinghui a 17-year jail term and deprived him of his political rights for four years and jailed Li Jianchao 10 years for dereliction of duty and accepting bribes.

Woman Arrested for 'Disrupting Order' in Shenzhen

HK1712071894 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 1

[By Stella Lee]

[FBIS Transcribed Text] A Hong Kong woman has been arrested for allegedly disrupting order in Shenzhen after a confrontation with Public Security Bureau officers this month. Ng Oi-yung, 30, was detained with two other Hong Kong people and five mainlanders after the confrontation which arose when dozens of villagers tried to block construction work at a village cleared for redevelopment.

Ng Oi-yung was said to have splashed urine on officers during the confrontation on December 3 at Heng Long-gang Village in Nan Shan district where the indigenous residents were unhappy about the flats they were allocated as compensation. Her mother Ng Cheng Kwai-ying was notified of the arrest by the district's Procuratorate. "She is innocent. She was just fighting for villagers' rights," Mrs Ng said.

Another Hong Kong detainee and Mrs Ng's 41-year-old son Sai-wing could be released next Monday [19 December]. Mrs Ng was told to get together enough money to pay for his food during detention at the rate of 10 yuan (HK\$9.11) a day. Mrs Ng's mainland daughter-in-law was also detained and might be released on January 5.

The third Hong Kong detainee, Ng Chong-xiang, 48, who was released on Wednesday, said he would write to

the relevant mainland government units to urge for the release of all the arrested. Ng Chong-xiang, who could have faced a 15-day detention, was given an early release after a district Overseas Chinese Affairs Office of the United Front department bailed him out and said his arrest would be treated as a "misunderstanding".

He said he had been arrested while trying to mediate for the release of seven people detained in the morning clashes. "They seized a receipt for my donation to some mainland accident victims saying it is a receipt for anti-revolutionary activities and accused me of being the organiser of the villagers' fight for better compensation," he said. "A sturdy officer berated me, saying Hong Kong people are 'dogs of the British Government', that I was not Chinese and had no right to fight for land ownership on the mainland." He claimed the officer had kicked him on the legs and back until he fell down. "I could still feel the pain in my back at midnight. I was kept at the office for the whole day and had to have dinner with the handcuffs on," he said.

Hainan Utilizes Foreign Capital for Infrastructure

OW1912085594 Beijing XINHUA in English 0808 GMT 19 Dec 94

[FBIS Transcribed Text] Haikou, December 19 (XINHUA)—South China's Hainan Province has successfully introduced foreign official loans into its infrastructure projects, according to the provincial government.

It also disclosed the fact that in the first ten months, 47 projects have benefitted from foreign loans with 70 million U.S. dollars already in use.

Eighteen of the 47 have already started, attracting 200 million more U.S. dollars. Sixteen other projects with an investment of 130 million U.S. dollars are being prepared.

The loans, contributed by Japan, Denmark, Norway, Spain, Finland, and Australia, have gone into telecommunications, port facilities, airports, and fruit-juice production.

An expressway in East Hainan is being built with loans of 71.8 million U.S. dollars.

The Sanya Phoenix International Airport, which received French loans of 220 million French Francs, has been in use since July 1.

The first phase of the project to expand the port in this provincial capital and one to lay optical cables in the eastern part of the island are under construction.

The flow of foreign loans has eased the shortage of capital Hainan faces in infrastructure construction.

New Hubei CPC Chief Outlines Economic Plans

HK1912045094 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 18 Dec 94

[FBIS Translated Text] On the afternoon of 17 December, the provincial party committee held a

meeting with some old comrades in Wuchang to relay central decisions, give a briefing on the economic situation in the province during the past year and the initial work plan for next year, and solicit the old comrades' opinions and proposals. Jia Zhijie, secretary of the provincial party committee and governor of the province, Qian Yunlu and Yang Yongliang, deputy secretaries of the provincial party committee, and Ding Fengying, Li Daqiang, and Deng Guozheng, standing committee members of the provincial party committee, attended the meeting. On the other hand, more than 40 old comrades, who used to be standing committee members, deputy secretaries, and secretaries of the provincial party committee; members of the standing committee of the provincial advisory committee; vice chairmen and chairmen of the provincial people's congress; vice governors and governors of the provincial government; and vice chairmen and chairmen of the provincial committee of the Chinese People's Political Consultative Conference, attended the meeting.

Qian Yunlu, deputy secretary of the provincial party committee, presided over the meeting. He first relayed the speech by the responsible comrade from the Central Organization Department about the central decision to change some members of the Hubei provincial leading body. The responsible comrade of the Central Organization Department talked mainly about three issues: First, continue to maintain Hubei's good situation of unity and stability. Second, persistently use both hands to grasp the work and comprehensively promote reform and development in Hubei; make greater effort to study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and arm the minds of all party members with this theory; train and select leading cadres, especially among outstanding young cadres; strengthen grass-roots party organizations; and further improve the party style and more effectively prevent corruption in the party. Third, properly arrange the transfer of duties between new and old leaders, further create a new situation in reform, economic construction, and undertakings in all fields in Hubei.

Li Daqiang, standing committee member of the provincial party committee and vice governor of the province, relayed the spirit of the Central Economic Work Conference and gave a briefing on the situation regarding economic work in the province and the initial economic work plan for next year.

Yang Yongliang, deputy secretary of the provincial party committee, said: The central leadership decided to transfer me to work in Hubei and this gives me a good opportunity to learn from the people in Hubei and to learn from the old comrades here. Thanks to the efforts made by the provincial leading bodies in previous terms, and by the entire people in this province, a solid foundation has been laid for Hubei's economic construction and for the building of the two civilizations and distinct achievements have been made. I will certainly do my best to work under the leadership of the provincial party

committee headed by Comrade Jia Zhijie, conscientiously study and make careful investigations in order to fulfill my duties, maintain the unity of the leading body, set strict demands on my own behavior and keep an honest style of work. I hope that everyone here will help me and support me and will criticize and supervise me.

Old comrades Han Ningfu, Liu Huinong, Li Wei, Shen Yingluo, Chen Ning, Zhang Xiurong, Zhang Wencai, and Xu Xingbiao spoke at the meeting. They all expressed the central decision on changing the members of the provincial leading body and also expressed many pertinent and important opinions and proposals to the provincial party committee and the provincial government on further improving the economic work and further improving the party style.

Jia Zhijie, secretary of the provincial party committee and governor of the province, gave a speech at the end of the meeting. He said: The central leadership recently decided to change the leading body of Hubei Province and has also pinned ardent hopes on us. I have been working in Hubei for almost two years. I am grateful to you old comrades here and other comrades in various quarters for your care, support, and help to me in the past two years. This has enabled me to do certain work in the provincial government under the leadership of the provincial party committee. Now, a new duty is added for me and I am bearing heavier responsibility. I must cherish my limited working time and exert myself to work with you in Hubei. A person's ability may be great or small but every one of us must be faithful and dedicated to the party's cause and we must spare no effort in the work and set strict demands on ourselves. As for the actual result of the work, that is just an issue of one's ability. I will continue to study and study. I will study in practice, will study among the masses, and will also study by learning from you all here. I will strive to fulfill my duties.

Jia Zhijie said: In the years of the revolutionary wars, Hubei was an old revolutionary base area, and this province made great contributions to the nation and to the people. After liberation, the provincial party committees and the governments term after term all worked hard continuously and constantly and passed down the duties. Their work laid a solid foundation for Hubei's construction and development and made the province one of the most important industrial and agricultural production base in the country. Hubei has also made major contributions to the state. Leaders of the older generation working in Hubei won the local people's high esteem and the people today still remember them deeply. They also set a good example for us.

Jia Zhijie pointed out: Today, in the course of reform and opening, this province has further quickened the pace of development and it is also facing a rare good opportunity marked by the fact that the state is once again shifting the key point of national construction to Hubei when economic development is being promoted

along the Cheng Jiang. In particular, the Three Gorges Project, which has attracted worldwide attention, has been officially started; the project for producing 1 million cars in No. 2 Automobile Complex has been set in motion; and the transformation project in Wuhan Iron and Steel Complex for the production of 10 million tonnes of steel and 10 million tonnes of steel products. In addition, the construction of the Beijing-Kowloon Railway and other major projects which have been launched, will certainly provide a great impetus to the development of this province. By adopting a long-term point of view and assessing the current situation, the provincial party committee made the decision to make Hubei rise in the middle of the country at the last two provincial party congresses. This was representative of the aspirations of the people in Hubei. The development strategy of taking Wuhan as the dragon head, taking the Chang Jiang economic zone as the main body, and taking the development projects along the two major rivers and along the two major railway lines as the key points and the three-step strategic objectives are all in keeping with the requirements of the central leadership and also in keeping with the actual conditions of Hubei Province. They have greatly inspired the people of this province. At present, the general guidelines and objectives have all been drawn up for this province. The key now lies in effectively putting them into practice rather than in working out any new plans or strategic measures. In the future, our mission is to do solid work and strive for solid results in our work, actually putting the good ideas and plans into practice one after another, thus quickening the pace of across-the-board development in Hubei and realizing the established development plans in the central area of the country.

Jia Zhijie said: Recently, the provincial party committee and the provincial government were studying and implementing the spirit of the Central Economic Work Conference, and making arrangements for the work in 1995 and during the Ninth Five-Year Plan. The general requirement is that we should continue to follow Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and follow the party's basic line; fully implement the spirit of the 14th national party congress and the Third and Fourth Plenary Sessions of the 14th CPC Central Committee; effectively implement the guideline of grasping the opportunity, deepening reform, expanding opening, promoting development, and maintaining stability; encourage the work style of seeking truth from facts, exerting every effort in the work, maintaining unity, and being honest and incorrupt; further increase the intensity of reform, opening, and development and more effectively implement all established policies and measures; actively promote the establishment of the socialist market economic structure; maintain the sustained, rapid, and healthy development of the national economy; and do conscientious work to promote party building, to develop spiritual civilization, and to improve the condition of law and

order, thus consolidating and developing the good situation which has been achieved with great difficulty and pushing this province's work in all fields to a new stage and achieving the second-step development objective ahead of time.

Finally, Jia Zhijie said: The implementation of a correct political line needs the guarantee of a correct organizational line. The stability of the organizations, the leading bodies, and the contingent of cadres, plus the unity and proper coordination of all quarters concerned, is the key to maintaining economic and social stability and development. The provincial party committee, the provincial government, all local authorities, all departments, and cadres at all levels should do their best and fulfill their own duties. Unity is strength and unity brings about a high fighting capacity, a rallying force, and new productive forces. I sincerely hope that all people here will treat each other with sincerity and get along with each other sincerely and cordially. Strict demands should be set on ourselves and generosity should be shown to other people. One should first mind one's own behavior. The key lies in the unity of the standing committee. The unity between the party committee and the government is also very important. The unity between the major bodies, between new cadres and old cadres, and between the superiors and the subordinates is the key guarantee for scoring new successes in Hubei's work in all fields. We should rely on collective wisdom and strength to do our work well in all fields in Hubei.

North Region

Beijing Court Handles Fake Banknote Case

SK1912060694 Beijing BEIJING RIBAO in Chinese 12 Dec 94 p 3

[FBIS Translated Text] The Beijing Intermediate People's Court recently held an open trial to sentence criminals for counterfeiting state currency and for trafficking in forged money. Convict Meng Qingyu was sentenced to life imprisonment. Yang Jun, Lan Huizeng, Gao Qingyun, Yang Deyun, Liu Zhihe, and Zheng Yun, who had actively joined in counterfeiting state currency, were respectively sentenced to various imprisonments of more than 10 years.

In 1991 Meng Qingyu, a peasant in Jixian County in Tianjin Municipality, studied the silk-like printing technology in the name of opening an enterprise, but was bent on counterfeiting state currency. During the period February 1992 to May 1993, Meng Qingyu successively colluded with peasants in Jixian County in Tianjin Municipality—including Zheng Yun, Yang Jun, Gao Qingyun, Lan Huizeng, Yang Deyun, and Liu Zhihe—to formulate the plot to counterfeit state currency on many occasions in an attempt to obtain staggering profits. During the period, Meng Qingyu accompanied by Zheng Yun, Gao Qingyun, and Liu Zhihe, went to Chaoyang District in Beijing Municipality, Tongxian County, and

Sanhe County in Hebei Province to buy the materials needed to counterfeit, including printing ink, dye stuff, and latex paint. Led by Meng Qingyu, they illegally printed on many occasions in the houses of Liu Zhihe and Yang Jun Renminbi banknotes with 50-yuan face value, in total worth more than 2.27 million yuan.

The municipal intermediate court deemed that the persons, including Meng Qingyu, colluded with one another, and in a group on many occasions counterfeited a large amount of fake banknotes in order to seek staggering profits. Their acts were respectively regarded as a crime of counterfeiting state currency. Their criminal character was extremely vile, and the way in which the crimes were committed was particularly serious. The harmfulness to society caused by them was extremely great, and they must be strictly punished in line with the law.

Beijing Environment Improvement Project Approved

HK1912071294 Beijing CHINA DAILY in English 19 Dec 94 p 3

[By Chen Chunmei: Beijing Starting to Get Clean"]

[FBIS Transcribed Text] A \$458 million environmental improvement project will begin next year in Beijing. The project's 5-year objectives are to improve the quality of air, drinking water, industrial waste disposal and to increase the influence of environmental agencies. A loan of \$157 million and two technical assistance grants totalling \$1.025 million were approved for the project by the Asian Development Bank last month.

The project's largest component will be connecting Beijing's 107 kilometre high and medium pressure pipelines to the natural gas supply network of Shan-Gan-Ning Gas Field in Shaanxi Province.

The \$210-million connection will supply the city with 700 million cubic metres of natural gas annually as a heating replacement for coal, which blackens the Beijing sky.

A heat-supplying pipeline system will connect buildings to the Huaneng Heat and Power Plant to further curb the burning of coal for winter heating.

This system will boast 42 kilometres of pipeline, completed with a transmission and distribution network. The system is expected to supply heat for 19 million square metres per hour. The project also will deal with industrial hazardous wastes, said Lou Renjun, an official with Beijing Environmental Project Office.

The project will relocate and renovate a chemical plant with special disposal facilities for Beijing's hazardous industrial waste.

Trees will be planted, terraces will be constructed and dams will be checked to minimize erosion and control pollution in the city's drinking-water reservoirs.

Meanwhile, a \$125-million World Bank loan will help Beijing with another environmental improvement project due to be completed in 1997.

This project entails the construction of a heating system in Shijingshan District.

Hebei Secretary Attends Economic Conference

SK1912082594 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 17 Dec 94

[FBIS Translated Excerpt] From 14 to 17 December, the provincial party committee and the provincial government held a provincial economic work conference in Shijiazhuang. The conference summarized the province's work concerning reform and development since the beginning of this year, analyzed the current situation, reached unity of ideas and understanding, studied and drew up the guiding ideology and major tasks for the province's economic work in 1995. Cheng Weigao, secretary of the provincial party committee, and Ye Liangsong, governor of the province, delivered important speeches at the conference. [passage omitted]

The conference defined the guiding ideology for the province's 1995 economic work as: persisting in Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; continuously implementing the guiding principles of seizing the opportunity, deepening reform, expanding the scale of reform, promoting development, and maintaining stability; correctly handling the relations between reform, development, and stability; working out overall plans for rural work with focus on enabling the people to lead a comfortable life in order to ensure a stable increase in output of basic agricultural products; energetically developing a highly efficient type of agriculture that provides greater and better yields; giving prominence to deepening the enterprise reform, strengthening technological transformation, and accelerating the readjustment of product mixture, with focus on transforming the operational mechanism of enterprises, in order to raise the overall quality and efficiency of all enterprises; making great efforts to promote scientific and technological progress, to use new and high technology to transform products and industries, to develop new and high-technology industries, and to promote the deep processing of products; resolutely expanding the scale of opening up and emphatically grasping the building of the areas around Bo Hai, around Beijing and Tianjin, and along major communications lines; making even greater effort to strengthen and improve the macroeconomic regulation and control, to bring under control the margin of price hikes and the overly rapid growth in consumption fund, and to ensure an appropriate increase in the scale of investment in fixed assets; accelerating the establishment of the socialist market economic system; fulfilling the second doubling of the GNP five years ahead of schedule; and effecting a sustained, rapid, and sound development of the national economy and a comprehensive progress of society.

In line with this guiding ideology, the conference defined the major tasks for the 1995 economic work as: making continued efforts to strengthen and improve the macroeconomic regulation and control, to curb inflation, and to maintain the good trend of economic development with a view to ensuring the sustained, rapid, and sound development of the national economy; promoting all supporting reforms and consolidating and perfecting the macroeconomic management system that has already begun in 1994; putting agricultural development in the first place of economic work and increasing the input in agriculture to ensure the steady increase in the output of the basic agricultural products; comprehensively developing and enlivening the rural economy and increasing the dynamics in restructuring the rural economy; strengthening management and promoting technological progress to raise the overall quality and efficiency of the economy.

The conference pointed out: To achieve success in the 1995 economic work, we must pay attention to the following aspects: First, the control over commodity prices and inflation should be regarded as the task of top priority for the macroeconomic control and as the key link to correctly handle the relations between reform, development, and stability. The overly rapid growth in consumption funds should also be brought under control to ensure that the province's margin of price hikes is lower than the average national level. Second, the strengthening of agriculture should be put in the first place of economic work and agriculture's position as the foundation of the economy should be strengthened and consolidated continuously in a bid to ensure the stable increase in the output of basic agricultural products, such as grain, cotton, and oil-bearing crops, and ensure the increase in the income of peasants. Third, with focus on improving economic efficiency, efforts should be made to accelerate the readjustment of the structures of production and products, and attention should be paid to the efficiency in transformation of mechanism, in optimization of structures, in the scaled economy, in scientific and technological progress, and in management so that the quality and efficiency of economic growth can be improved.

Fourth, with focus on persistently deepening the reform of state-owned enterprises, we should promote the reform of the social security system, positively cultivate the market system, and consolidate and perfect the reform of macroeconomic management system. Fifth, we should persistently expand the scale of opening up, make positive and effective use of foreign funds to expand foreign trade and exports, and push the opening up towards the orientation of high level, wide sphere, and good quality. Sixth, we should persistently and continuously increase investment and concentrate efforts on building key projects and accelerating the building of infrastructure and basic industries to increase the momentum for economic development. Seventh, we should persistently regard science and technology as the first productive forces, strive to promote

technological progress, continuously put education in a strategic position of being developed on a priority basis, energetically train and create even more competent professionals, vigorously develop social undertakings, further strengthen the building of spiritual civilization, and continuously improve the living standards of the people. Eighth, we should persistently and continuously strengthen and improve the macroeconomic regulation and control, apply all kinds of means to enhance the state's capability of exercising macroeconomic control in the course of fully exploiting the role of markets and natural resources as the foundation of [words indistinct] in order to create a fine environment for economic construction and social development.

The conference pointed out: The next year is the last year covered by the Eighth Five-Year Plan. To ensure the fulfillment of all tasks in the next year, we should attach importance to the following eight items of work:

First, with focus on deepening the reform of the state-owned enterprises, we should promote the reform of the social security system, actively cultivate markets, and consolidate and perfect the reform of the macroeconomic management system. Second, we should strictly control the margin of price hikes and go all out to curb inflation. Third, we should strengthen agriculture's position as the foundation of the economy and energetically develop agriculture and rural economy. Fourth, the industrial front should vigorously grasp the principles of carrying out enterprise reform and technological transformation, readjusting structure, and building the ranks of entrepreneurs. The industrial front should also strive to fulfill the objectives of increasing the added value of industry, increasing the profit and tax of industry at or above the township level, increasing the investment in technological transformation, reducing the losses sustained by large and medium-sized enterprises, and raising the composite index of the economic efficiency of industry in a bid to improve the quality and efficiency of the economic operation of industry. Fifth, we should further reduce restrictions and allow flexibility in developing the tertiary industry. Sixth, we should ensure the reasonable increase in fixed assets investment and raise more funds for construction projects to increase the momentum for economic development. Seventh, we should accelerate the development of the export-oriented economy by comprehensively carrying out the strategy of bringing along economic development with the export-oriented economy. Eighth, we should actually attend to financial and banking work to support economic construction.

Inner Mongolia Holds Security Management Plenum

SK1912084994 Hohhot NEIMENGGU RIBAO in Chinese 10 Dec 94 p 1

[Report by Hao Bin (6787 2430): "Put the Responsibility of Safeguarding the Security of a Place on the Shoulders of Party and Government Leaders at All Levels"]

[FBIS Translated Text] On 9 December, the regional commission for comprehensive management of public security held its 15th plenary meeting to study and work out plans for future public security comprehensive management work.

Wu Liji, deputy secretary of the regional party committee, chairman of the regional government, and chairman of the regional commission for comprehensive management of public security, attended and addressed the meeting. Wang Zhan, deputy secretary of the regional party committee, vice chairman of the regional government, and vice chairman of the regional commission for comprehensive management of public security, presided over the meeting. Wuyunqimuge, member of the standing committee of the regional party committee and vice chairman of the regional commission for comprehensive management of public security, attended the meeting.

In a speech, Wu Liji pointed out: It is necessary to seize the excellent situation of studying and implementing the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee and deepen the work of comprehensively improving public security. Party committees, governments, and the commissions for comprehensive management of public security at all levels should act in close connection with the overall situation of reform, development, and stability, actively promote the implementation of tasks and measures on public security comprehensive management, and realistically implement the spirit of the "decision" while carrying out public security comprehensive management work. Particularly, we should combine the strengthening of party grass-roots organizations with that of the basic work on public security comprehensive management in the grass roots, and through the establishment of grass-roots party organizations, bring along and promote the building of grass-roots political and legal organizations and mass organizations to do prevention and improvement work, and strengthen all sorts of fundamental measures.

Wu Liji stressed: We should supervise and inspect the implementation of the leadership responsibility system on comprehensive management of public security and put the responsibility of safeguarding the security of a place on the shoulders of party and government leaders at all levels. The implementation of this responsibility system is a mechanism of guarantee and a major measure for strengthening leadership and promoting the comprehensive management of public security. To grasp the comprehensive management work, we must supervise and inspect the implementation of the leadership responsibility system on public security comprehensive management. It is necessary to keep files on the actual achievements of the top responsible persons in grasping comprehensive management work and regard cadres' ability to grasp this work and their actual achievements in this aspect as one of the important conditions in the course of appointing, removing, awarding, and punishing leading cadres.

Wu Liji pointed out: We should uphold the principle that "whoever is in charge shall be held responsible if problems crop up," give full play to the functional role of all departments, divide the work and assign the responsibilities to individuals, maintain coordination and cooperation, and grasp and manage this work with joint efforts. All units and departments should further enhance the sense of participation, enrich the content of participation, broaden the channels of participation, closely integrate the vocational work of one's own departments with the public security comprehensive management work, and implement the general principle and all tasks on comprehensive management of public security in the grass-roots units and the masses.

The meeting reviewed and summed up this year's public security comprehensive management work and proposed continued efforts be made to implement the public security comprehensive management leadership responsibility system during next year and guarantee the implementation of all measures for safeguarding stability; take centralized operations to comprehensively improve public security in the rural and pastoral areas in a down-to-earth manner; deal stern blows to criminals; strengthen the building of contingents of a mass character to do prevention and improvement work; strengthen education and management of youngsters and the implementation of all measures on construction and transformation in various aspects; and strengthen the building of the public security comprehensive management organs at all levels.

Inner Mongolia Agriculture Growing Steadily

OW1912100794 Beijing XINHUA in English 0848
GMT 19 Dec 94

[FBIS Transcribed Text] Hohhot, December 19 (XINHUA)—North China's Inner Mongolia Autonomous Region is experiencing a new surge in agriculture and animal husbandry, according to a recent report.

The report by the Regional Statistics Bureau showed that the regional grain output is expected to top 10.83 billion kilograms; the total number of domestic animals will reach 57.11 million head and the average per capita net income of farmers and herdsmen will reach 1,055 yuan, up 226 yuan from last year.

The regional government has earmarked over three billion yuan to step up farm production and animal breeding despite its limited revenues since 1991.

It has built many commodity grain production bases and animal breeding centers in its 38 banners (counties) and set up comprehensive development projects in 40 counties and banners.

An irrigation project being built with loans from the World Bank, which started at the Yellow River Bend in 1989, is now in its final stage.

The region has also regulated agriculture and livestock breeding in accordance with market demand.

The proportion of cash crops and high yielding crops such as corn, wheat and beans has been increased and more animals of fine breeds are raised numbering 25.76 million by the end of June this year.

The regional government has sent more than 10,000 agricultural scientists and technicians to rural areas and they have trained over 2.13 million farmers and herdsmen.

Tianjin Posts Record Foreign Trade Figures

*OW1712091994 Beijing XINHUA in English 0839
GMT 17 Dec 94*

[FBIS Transcribed Text] Tianjin, December 17 (XINHUA)—This North China port city posted a record foreign trade volume of 4.264 billion U.S. dollars-worth in the first 11 months of this year.

The figure breaks down into 2.379 billion U.S. dollars-worth of imports and 1.885 billion U.S. dollars-worth of exports.

General trade and processing with imported raw materials were the two major forms of foreign trade during the January-November period, with each accounting for 36 percent of the total.

In terms of two-way trade volume, Japan, the United States, the Republic of Korea, Germany and Hong Kong were the municipality's top-five trading partners.

Some 54 percent of the total trade was done by overseas-funded enterprises, and the remaining 46 percent was done by domestic foreign trade companies.

The trade volume of solely overseas-funded ventures reached 1.19 billion U.S. dollars-worth, about 27 percent of the city's total in the first 11 months.

The top-five exported goods were motor vehicle accessories and spare parts, pagers, car radios and tape-recorders, computer chips and containers.

Meanwhile, Spare parts for pagers, automatic telephone switchboards, machinery, foodstuffs and beverages, and spare parts for automatic digital switchboards were the top-five imported goods.

Municipal trade officials expect the foreign trade volume for the whole of 1994 to top 4.5 billion U.S. dollars-worth.

Northeast Region

Achievements of Heilongjiang Enterprises Reported

SK1912011294 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 16 Dec 94

[FBIS Translated Text] Township enterprises throughout Heilongjiang Province have witnessed a

high-speed development trend that has surpassed the national average in this regard. During the January-September period this year, these enterprises achieved 2.9 billion yuan in net profits, a 63.6 percent increase over the same period in 1993. They handed over 1.11 billion yuan of taxes to the state, a 61-percent increase over the same period in 1993. Both their annual total output value and business incomes are expected to reach 6 billion yuan, respectively, a more than 65-percent increase over the same period in 1993.

Heilongjiang Courts Earnestly Try Economic Cases

SK1612032694 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 15 Dec 94

[FBIS Translated Text] By bringing into full play their function of trying economic cases, the people's courts at all levels across the province have provided an effective judicial guarantee for reform, opening up, and socialist economic construction. By earnestly trying or hearing the cases of economic disputes in various categories over the past few years, courts at all levels throughout the province have adequately dealt with a large number of cases that have cropped up under the market economy, such as economic results, stocks, bonds, affairs related to foreigners, and intellectual property rights, which have not been clearly standardized by the existing laws, as well as regulations and rules. They have clearly defined the right and liability among the relations of the new-style economy and played a better role in directing and standardizing social and economic activities. The number of cases accepted by courts and the sum of funds involved in the cases have increased year after year. From 1991 to October 1994, courts across the province accepted more than 123,000 first-trial cases of economic disputes, as well as tried and concluded more than 119,000 cases. The sum of funds involved in these cases reached 6.7 billion yuan.

By adopting lively and effective ways of holding lectures on legal systems, as well as on-the-spot trials and legal lectures at enterprises, courts at all levels have carried out the popularization and publication of economic and legal knowledge to upgrade the sense of enterprises in running businesses and protecting legal rights and interests in line with the law. They have also helped enterprises shut loopholes immediately, as well as reduce and prevent the occurrence of economic disputes. To guarantee the enforcement of the state policy on macro readjustment and control, courts at all levels across the province have actively coordinated with the banking departments to collect old loan debts. From January 1993 to October this year, they accepted more than 9,000 cases of old loan debts and recovered more than 640 million yuan of credit funds. Coal mines, forest industrial enterprises, and large and medium-sized enterprises have also relied on the people's courts to collect their old debts; scored marked results in this regard; and relieved their strained situation in funds.

Heilongjiang Punishes Corrupt Railway Personnel

SK1612075494 Harbin HEILONGJIANG RIBAO in Chinese 1 Dec 94 p 1

[FBIS Translated Text] The Harbin Railway Bureau recently held an open trial on the city radio broadcasting station to sentence 11 criminal elements according to the law—including Guo Fuchen, former deputy director of the railway bureau. Of these convicts, four were punished with the imposition of party and administration disciplinary sanctions; one was punished with dismissal of party membership; and one was sentenced to death with a two-year reprieve.

Since the beginning of this year, the railway bureau has seriously investigated and handled a large number of cases committed by party-member cadres with regard to violations of law and discipline. The prominent characteristics of these cases are that most of them are economic, with the characteristics of railway affairs. Of 174 cases filed by discipline inspection and supervision organs, 109 are for embezzling public funds, receiving bribes, and violating the financial and economic disciplines, accounting for 62.26 percent of the total. Eight cases are for having sought more than 10,000 yuan of personal gains by taking advantage of their duties to allocate railway carriages and to conduct ticket sale.

Guo Fuchen, former deputy director of the Harbin Railway Bureau, had his family members tour Russia in the name of "study" on two occasions. He shifted all expenses used for the tours onto a multiple business company, and received 20,000 yuan in bribes from it. He was dismissed from the party and from his post in the railway service, and was sentenced to five years of imprisonment. Du Guoxiang, former director of the freight transport section under the Suihua Railway Station, received 12,600 yuan in bribes in succession on 13 occasions, and was sentenced to three years of imprisonment. Zhao Qing, a staffer at the Manzhouli Railway Station who was in charge of carriage allocation, obtained 250,000 yuan of staggering profits by altering the numbers of carriage invoices; he was sentenced to death with a two-year reprieve.

Jilin Governor on Central Economic Conference

SK1912085394 Changchun JILIN RIBAO in Chinese 7 Dec 94 p 1

[Report by Guo Yuxue (6753 3768 1331): "Clearly Understand the Situation, Define Tasks, and Achieve Success in Next Year's Economic Work"]

[FBIS Translated Excerpt] On the morning of 6 December, the provincial party committee held an enlarged standing committee meeting to relay the guidelines of the central economic work conference.

At the meeting, Gao Yan, deputy secretary of the provincial party committee and governor of the province, relayed the guidelines of the central economic work

conference held in Beijing from 28 November to 1 December. Wang Jinshan, deputy secretary of the provincial party committee, presided over the meeting.

Gao Yan said: The central economic work conference was a meeting of great guiding significance. The central topics of this conference were to summarize the reform and development work since the beginning of this year, make an all-around analysis of the situation, and seek unity of ideas and understanding. At the same time, this conference studied and drew up the idea and major tasks for the 1995 economic work. At the conference, General Secretary Jiang Zemin delivered an important speech entitled "Clearly Understand the Situation, Seek Unity of Thought, and Achieve Success in Next Year's Economic Work"; Premier Li Peng delivered an important speech entitled "Continue To Strengthen and Improve Macroeconomic Control and Ensure the Sustained, Rapid, and Sound Development of Next Year's National Economy"; and Vice Premier Zhu Rongji delivered a summing-up speech entitled "Seek Unity of Understanding and Coordinate the Pace." These speeches have profoundly expounded the guiding ideology and major tasks for next year's economic work, as well as several major issues concerning economic development from the perspective of the overall situation of the work of the whole party and the whole country. These speeches will certainly have a far-reaching influence and play a great promotion role for seeking unity of the understanding of the whole party, for guiding the future economic work, and for correctly handling the relations among reform, development, and stability. [passage omitted]

Gao Yan said: The central economic work conference defined the general guiding ideology for next year's economic work as: Persisting in Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; comprehensively implementing the guidelines of the 14th party congress and the third and fourth sessions of the 14th CPC Central Committee; grasping the overall situation of the work of the whole party and the whole country known as seizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability; further appropriately handle the relations between reform, development, and stability; accelerating the establishment of the socialist market economic system, and effecting a sustained, rapid, and sound development of the national economy and the overall social progress. In line with this guiding ideology, the central economic work conference defined the major tasks for next year's economic work as: Continuously strengthening macroeconomic control and curbing inflation and maintaining the good trend of the national economic development; promoting all subsidiary reforms and perfecting the macroeconomic management system by focusing on deepening the reform of state-owned enterprises; increasing agricultural investment to ensure the supply of agricultural and sideline products and comprehensively develop and enliven the rural economy; and increasing the dynamics of structural readjustment, strengthening management, promoting technological progress, and raising the overall quality and efficiency of the economy. [passage omitted]

Liaoning Steps To Attract Foreign Investment

*OW1812012894 Beijing XINHUA in English 0056
GMT 18 Dec 94*

[FBIS Transcribed Text] Shenyang, December 18 (XINHUA)—Northeast China's Liaoning Province, an industrial center, will open wider to the outside world and attract more foreign investment in coming three years.

Gao Guozhu, deputy governor in charge of foreign trade and economic co-operation of the province, made this remark during a news briefing last weekend for a provincial meeting on the opening-up drive, which is scheduled to be held early in January 1995.

According to him, the province has so far approved the establishment of more than 10,000 foreign-funded enterprises, involving an agreed use of 11 billion U.S. dollars in foreign funds.

Foreign investment has helped more than 500 outmoded large and medium-sized enterprises in the province undergo technical upgrading and has injected vitality into the old industrial base of Liaoning.

Priority in the use of foreign funds in the next three years will be given to light industry, textiles, machinery, electronics, metallurgy, petrochemicals, infrastructure and agriculture, said the deputy governor.

While attracting foreign funds to upgrade more existing enterprises, the province will also focus on expanding exports of machinery and electrical equipment, light industrial products and textiles, and products related to export-oriented agriculture, and develop more new products for export.

The province hopes to form the capacity to earn 10 billion U.S. dollars from exports by the turn of the century, Gao said.

Liaoning Achieves Results in Foreign Trade

SK1812065394 Shenyang Liaoning People's Radio Network in Mandarin 2200 GMT 17 Dec 94

[FBIS Translated Text] Over recent years, the province's foreign economic relations and trade have developed with obvious results. Thus far, the number of foreign-funded enterprises of three types in the province totals 10,300; the contracted amount of foreign capital totals \$11.5 billion; and construction of 550 projects have been completed with foreign loans. In the meantime, the export volume of local products has surpassed \$5 billion. Instead of being managed by foreign trade companies and the state, export commodities have been managed by foreign trade-oriented industrial companies, industry-foreign trade companies, enterprises, and scientific research institutes.

MAC Head on Offshore Shipping Center, PRC Link
OW1612103094 Taipei CNA in English 0728 GMT 16 Dec 94

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Dec. 16 (CNA)—The promotion of an offshore shipping center does not equal direct shipping links between Taiwan and Mainland China, Mainland Affairs Council (MAC) chairman Hsiao Wan-chang said Friday [16 December].

Hsiao said that under the offshore shipping hub plan, cargoes from third countries would neither enter Taiwan nor pass through customs before being transshipped to Mainland China, so no direct shipping links could be inferred.

Hsiao made the statement during a press conference for new government chiefs. He was elevated to his new post after serving as chairman of the Council for Economic Planning and Development (CEPD).

Hsiao said that in promoting Taiwan as an Asia-Pacific business operations center, the government should make national security a top priority, while remaining in accord with national unification guidelines. Promotion of the concept should also follow market rules, he said, meaning adoption of necessary measures in accordance with cross-Taiwan Strait developments.

According to the Asia-Pacific business-operations plan mapped out by the CEPD, cross-strait direct shipping links are not envisaged, but an offshore shipping center, most likely in Kaohsiung, is, Hsiao noted.

Hsiao said that any offshore shipping center must take into consideration the mainland Chinese market, but under the consideration of not endangering national safety.

The MAC will further study details of the offshore shipping center plan and how it relates to cross-strait policy, Hsiao said. However, various government agencies have to further coordinate among one another to reach a consensus and solve the technical problems of the plan, he added.

Meanwhile, CEPD vice chairman Hsueh Chi said Friday that the Asia-Pacific business hub plan will be divided into short-term, middle-term, and long-term phases. Before 1997, the government will complete necessary revisions of laws and regulations; between 1997-2000, all hardware facilities have to be completed; and after 2000, Taiwan will finally become a true Asia-Pacific business hub, Hsueh said.

MAC Wants Talks With ARATS on Hong Kong Ties

OW1612142994 Taipei CNA in English 1328 GMT 16 Dec 94

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Dec. 16 (CNA)—Hsiao Wan-chang said Friday [16 December] that the state of

Taiwan-Hong Kong ties after 1997 is a pressing issue the Mainland Affairs Council (MAC) needs to tackle.

"The top priority should go to the drafting of a law governing the ties," Hsiao, who was sworn in as the MAC chairman on Thursday, said at a press conference by the Government Information Office to introduce the new cabinet members named in the recent reshuffle by the ruling Kuomintang.

He said Hong Kong will become a special administrative area after it reverts to Beijing rule in 1997. "Contacts with mainland authorities will be inevitable if the ongoing Taiwan-Hong Kong ties are to be maintained."

The MAC is planning to study how such contacts, which are currently banned by the government, can be broached.

Both Taipei and the mainland have authorized quasi-official intermediary bodies—Taiwan's Straits Exchange Foundation (SEF) and the mainland's Association for Relations Across the Taiwan Strait (ARATS)—to handle cross-strait private exchanges in the absence of official contacts.

Hsiao said he is thinking about recommending that a second high-level meeting between SEF chairman Ku Chen-fu and ARATS chairman Wang Daohan be held to flesh out what the nature of Taiwan-Hong Kong ties will be after 1997.

Several agreements, including the holding of regular discussions to address technical issues, were reached when Ku and Wang met in Singapore in their first, historic meeting in April 1993.

Taiwan has maintained ever-closer ties with Hong Kong, particularly trade links. Hong Kong is the major conduit through which indirect Taiwan-mainland trade is conducted. Taiwan reported that [words indistinct] Hong Kong from January through November was U.S.\$17.95 billion.

Headway in GATT Beef Talks With U.S., Australia
OW1712080394 Taipei CNA in English 0649 GMT 17 Dec 94

[By Maurus Young & Debbie Kuo]

[FBIS Transcribed Text] Geneva, Dec. 16 (CNA)—Taiwan's GATT negotiations with the United States and Australia over beef duties made headway on Friday [16 December], leaving Taiwan optimistic that the talks will conclude earlier than expected.

Negotiators from the U.S. and Australia on Friday agreed to Taiwan's "grading" system on beef imports—levying different duties on different parts of beef.

The U.S. demand from Taiwan for the lowest level of duties on the American brisket and tendon, however, was not accepted immediately by either Taiwan or Australia, according to Chen Wu-hsiung, chief Taiwan negotiator and a department director from the Council of Agriculture (COA).

The American officials also agreed to Taiwan's plan to tax internal animal organs based on whether or not they come from poultry, but asked Taiwan to lower the tariffs to 15 percent in six years beginning with Taiwan's entry into the General Agreement on Tariffs and Trade, Chen said.

During the past week, Chen and his team have conducted 10 rounds of bilateral consultations in Geneva with representatives from Japan, Australia, the U.S., Chile, Canada, and New Zealand, aiming to accelerate bilateral talks with GATT members before Taiwan joins the organization, which is expected to be superseded by the World Trade Organization, or WTO, next year.

Meanwhile, Vice Economic Affairs Minister Hsu Ke-sheng, along with Board of Foreign Trade Director-General Lin Yi-fu and other relevant officials, will fly to Geneva on Monday to attend the seventh meeting of the GATT working party on Taiwan's membership, which is slated for Wednesday.

The working party meeting, which was originally scheduled for late October, will be chaired by former British Ambassador Martin R. Morland, who retired earlier this year, according to the GATT Secretariat.

Taiwan's original goal to gain GATT entry by the end of the year has been moved back again and again because of scheduling conflicts in bilateral negotiations and because of deadlocks over crucial issues. Taiwan should conclude all negotiations by early next year, and formally join the WTO in April.

Taiwan started GATT bilateral trade talks with 25 countries in October 1992. Nearly one hundred rounds of talks have been completed, seven with the U.S. alone.

CNA Says Joy, Sorrow Mark 1994 Ties With U.S.
OW1712084494 Taipei CNA in English 0803 GMT 17 Dec 94

[By Y.C. Pan and Y.C. Tsai: "Joy and Sorrow Mark 1994 Taiwan-U.S. Ties"]

[FBIS Transcribed Text] Washington, Dec. 16 (CNA)—Both joy and sorrow marked bilateral ties between Taiwan and the United States in 1994.

The US-Taiwan relationship has turned a new page since the Clinton administration announced on Sept. 7 a set of policy adjustments toward Taiwan, allowing high-level economic, commercial and cultural exchanges between officials of the two countries, which were previously prohibited.

As the first implementation of that policy, US Secretary of Transportation Federico Pena arrived in Taipei on Dec. 4 to attend the annual joint meeting of the ROC-USA and USA-ROC Economic Councils.

Pena became the second US cabinet member to make a visit to Taiwan since the two countries broke formal diplomatic ties in 1979. Carla Hills, then-US trade representative, visited Taipei in 1993.

Despite the lack of an official relationship, trade ties between the two countries continued to grow.

Statistics compiled by the US Department of Commerce show that two-way trade reached US\$32.16 billion during the first nine months of 1994, up 5.94 percent from the year-earlier level.

During the period, Taiwan exported US\$19.61 billion worth of products to the United States and imported US\$12.55 billion worth, leaving a balance of US\$7.06 billion in its favor. The trade surplus was a 3.3 percent growth from a year ago.

Moreover, Taiwan also has posted a better performance in intellectual property rights (IPR) protection this year since the eight reserved articles of the Taiwan-US Copyright Protection Agreement were approved by the legislature last year. Taiwan, which was placed under the "priority watch list" for implementation of the Super 301 provision by the United States in 1993 and under the most severe "priority foreign countries" list in 1992, was therefore downgraded to the less stringent "watch list" because of its stricter IPR-protection regime.

The US Government began applying the Super 301 provision in 1989 to monitor IPR protection by its trading partners. Those listed as "priority foreign countries" face the threat of immediate trade retaliation from the United States.

The only flaw that marred the 1994 Taiwan-US ties was the US imposition of trade sanctions on certain Taiwan wildlife specimens and products, intended to punish Taiwan for its alleged failure to adequately stem the illicit trade in rhino horns and tiger parts. The sanctions were implemented under the Pelly Amendment of the Fishermen's Protective Act of 1967.

The trade sanctions, which became effective on Aug. 19, are expected to cost Taiwan US\$25 million in exports annually.

Benjamin Lu, Taiwan's representative in the United States, who assumed his post here in September, has pledged that his top priority is to work for removal of the sanctions.

In Taiwan, the legislature and the executive branch have joined hands to work on wildlife conservation this year, with amendments to the wildlife conservation law passing the legislature in October and the registration and marking of rhino horns and tiger parts having been completed in November.

It is expected that Taiwan's series of wildlife-protection measures will enable it to avert US trade sanctions next spring, when the US Government reviews whether such measures should be continued.

Meanwhile, the United States during the year scored an overwhelming victory in promoting regional economic integration and trade liberalization. The GATT Uruguay Round agreement, coupled with the implementation of

North American Free Trade Agreement and the trade liberalization goal of the Asia-Pacific Economic Cooperation forum, has painted a rosy picture for world trade heading into the 21st century.

In face of the new trends, Taiwan must work to adjust its economic strategies, accelerating its industrial upgrading and intensifying crackdowns on IPR piracy and illegal trade in endangered species in a bid to cope with regional economic cooperation and trade liberalization, observers here said.

Taipower Renews Contract With Saudi Arabia

OW1912103294 Taipei CNA in English 0730 GMT 19 Dec 94

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, Dec. 19 (CNA)—The Taiwan Power Co. [Taipower] and Electricity Corporation of Saudi Arabia renewed an electricity cooperation contract Monday [19 December].

Taipower chairman Chang Chung-chien and Muhammad al-Tayba, governor of Electricity Corporation of Saudi Arabia, signed the contract during a brief ceremony in Taipei.

According to the contract, Taipower will continue to assist Saudi Arabia in designing a power network, including transmission and distribution, and electricity development.

Chang noted that since Taiwan and Saudi Arabia first signed the contract in 1976 to provide advisory views on its power plants, the contract has been renewed every two years. Monday's signing will mark the 20th year of cooperation between the two sides.

Noting that Taipower has worked closely with Saudi Arabia for the past two decades, Chang said that the renewal of the contract was significant and that it would help boost the friendship between people of the two nations.

Chang also said that Taipower has missions in Saudi Arabia and Honduras to help develop electricity networks. Taipower once had more than 200 people stationed in Saudi Arabia to help with the plan.

Al-Tayba said that he appreciated Taipower's assistance. Taipower has helped map out, designed and monitored Saudi power plants and has contributed greatly to the modernization of Saudi Arabia, he added.

Al-Tayba said that Taipower has earned the trust and respect of the Saudi Government and its people and he wished for continued cooperation ties between the two sides.

Al-Tayba and two other Saudi officials arrived here Saturday afternoon. During their stay, they will hold electricity cooperation meetings with Taipower to discuss sending more men

to support Saudi electricity development and extending the duration of the Taipower mission.

Al-Tayba will call on the ministries of Foreign Affairs and Economic Affairs to discuss economic and technological cooperation Tuesday.

The group will leave Taiwan Thursday.

Taipei, Singapore To Jointly Invest in 'Third Country'

OW1912103694 Taipei CNA in English 0736 GMT 19 Dec 94

[By Danielie Yang]

[FBIS Transcribed Text] Taipei, Dec. 19 (CNA)—The Republic of China [ROC] and Singapore will jointly invest in a third country or area to strengthen economic and trade cooperation, a Ministry of Economic Affairs (MOEA) official said Monday [19 December].

The cooperation program will take advantage of Singapore's excellent geographical location and its advanced service and financial industries, the official noted.

The plan is also part of Taiwan's southern strategy policy to use Singapore's special niches in Southeast Asia and Mainland China, the official added.

An ROC-Singapore investment cooperation working group has been established recently to promote enterprises from Taiwan and Singapore to jointly invest in a third country or area, including Mainland China.

The Singapore Trade Office in Taipei and the MOEA's Industrial Development and Investment Center will hold an investment seminar next year on the issue, the official said.

Meanwhile, ROC civilian enterprises will also cooperate with other Southeast Asian counterparts on similar cooperation projects to invest in a third country or area under the assistance of the government here.

Members of the Association of Southeast Asian Nations (ASEAN) are expected to discuss the plan during investment seminars with Taiwan early next year.

Taiwan traders have increased investments in Southeast Asia in recent years, the official said, adding that continued investment will be encouraged in the Indochina Peninsula and South Asia in the future.

Taiwan has signed investment guarantee agreements and agreements to avoid double taxation with all ASEAN countries except Brunei. The ministry will also sign similar agreements with countries in South Asia, the official said.

Taiwan's accumulated investments in Southeast Asia reached U.S.\$20.633 billion as of September this year, the ministry added.

Hong Kong

Reportage on Joint Declaration Anniversary

Agreement Hailed as 'Far-Sighted'

OW1612132194 Beijing XINHUA Domestic Service in Chinese 0507 GMT 16 Dec 94

[Article by XINHUA reporter Feng Xiuju (7458 4423 5468); "A Far-Sighted Agreement—an Interview With Shao Tianren, Legal Adviser to the Ministry of Foreign Affairs"; place and date not given]

[FBIS Translated Text] Beijing, 16 Dec (XINHUA)— Article by XINHUA reporter Feng Xiuju (7458 4423 5468); "A Far-Sighted Agreement—an interview with Shao Tianren, legal adviser to the Ministry of Foreign Affairs"

December 19, 1984 was an unforgettable day.

On that day, the Governments of China and Britain solemnly signed the Sino-British Joint Declaration on the Question of Hong Kong in the Great Hall of the People and thereby solved the question left over from the past.

On the 10th anniversary of the signing of the agreement, this reporter interviewed Shao Tianren, legal adviser to the Ministry of Foreign Affairs. The 80-year-old senior legal expert took part in drafting the document and witnessed the signing ceremony. While recollecting, Shao Tianren was full of emotion, with his memory of the event still fresh. He said: "The Joint Declaration affirms the resumption of China's exercise of sovereignty over Hong Kong on 1 July 1997 and thus eradicated the humiliation suffered by the Chinese people for more than 100 years. It was indeed a major event worth recording in letters of gold in the history of China."

He said: "The successful settlement of the Hong Kong issue was mainly attributed to the great concept of 'one country, two systems' put forward by Comrade Deng Xiaoping. It is a bold and resourceful new concept and a very wise strategic decision, as well as the general principle for reunifying the motherland put forward by him after making a far-sighted analysis of the many-sided situation in depth."

Shao Tianren said: "The Chinese Government, taking into account Hong Kong's actual situation and following the concept of 'one country, two systems,' has drawn up a complete set of correct principles and policies which not only adhere to the principle of national sovereignty, but also make proper arrangements for maintaining Hong Kong's stability and prosperity. So, it is completely in the interests of the entire Chinese people, including the Hong Kong compatriots."

He said: To Britain, the successful settlement of the Hong Kong issue will eliminate obstacles existing in bilateral ties, and is also beneficial. At that time, British

Government leaders basically took a sensible attitude in conformity with the historical trend. Through consultations, the two countries finally reached a comprehensive agreement based on the basic principles and policies on Hong Kong put forward by the Chinese Government. Looking back, I would like to say that "it is indeed a far-sighted and judicious agreement."

The Issue of Sovereignty Is Not One That Can Be Discussed

Reviewing the process of the negotiations, Shao Tianren, who is also head of the legal affairs subcommittee of the Preliminary Working Committee of the Preparatory Committee for the Hong Kong Special Administrative Region, said: "The negotiations proceeded in a considerably arduous way, and especially at the beginning of the talks, the two sides' stands were far apart."

It is known to all that Hong Kong (including Hong Kong Island, Kowloon, and the New Territories) was originally governed by Xianan County in Guangdong Province and was occupied by Britain after the Opium War of 1840. Britain forced the government of the Qing dynasty to sign three unequal treaties. However, the Chinese people have all along opposed the unequal treaties.

Shao Tianren said: "Since the founding of the People's Republic, the Chinese Government has consistently held that Hong Kong has been part of China's territory since ancient times, we do not recognize the three unequal treaties imposed on us by imperialism, and we stand for settling the issue through negotiations at a proper time and for maintaining a status quo before the issue is settled."

During the talks between Comrade Deng Xiaoping and visiting British Prime Minister Mrs. Thatcher in September 1982, the British side insisted that the three unequal treaties were still valid, asserting that if China allowed Britain to continue to govern Hong Kong after 1997, Britain would consider China's demand for resuming exercise of sovereignty over Hong Kong. In reply to her position, Comrade Deng Xiaoping unequivocally pointed out: "The issue of sovereignty is not one that can be discussed"; and "China will recover Hong Kong in 1997," otherwise, "no Chinese leader or government could be able to face the people." During the talks, the two sides agreed to hold consultations on the issue of Hong Kong through diplomatic channels.

But, in the next six months, there was still no progress in their negotiations because the British side did not change its stand on the sovereignty issue of Hong Kong.

Only after the British side was ready to make a pledge to return Hong Kong to China did the formal talks between the two government delegations begin in Beijing in July 1983.

The Joint Declaration Which has Not Come Easily Must Be Greatly Cherished

Shao Tianren told this reporter that he attended all the 22 rounds of Sino-British talks, lasting one year and two

months, as a member of the Chinese Government delegation. He said: During the initial stage, the Chinese side put forward its negotiation plan, which mainly consisted of a set of basic principles and policies, such as the Chinese Government's decision that to maintain Hong Kong's stability and prosperity, Hong Kong's current social and economic systems and way of life will remain unchanged for 50 years in accordance with the principle of "one country, two systems" after China recovers Hong Kong. They also included the policy that a special administrative region directly under the jurisdiction of the central people's government will be set up in Hong Kong and managed by the people in Hong Kong and it will enjoy a high degree of autonomy. However, during the first few rounds of talks, the British side insisted on continuing its rule over Hong Kong after 1997. In other words, it would only "trade sovereignty for the right to govern," thus preventing any progress in the talks. The talks were not based on China's plan until December 1983 after some efforts made by Chinese leaders.

Shao Tianren said: In April 1984, the talks turned to discussing the arrangements for the transitional period. Whether or not to set up a Sino-British Liaison Group in Hong Kong was one of the difficult issues discussed during the talks. The British side held that it was inappropriate to set up a permanent organization before 1997, to avoid leaving an impression of "joint government of Hong Kong" by China and Britain. But the Chinese side insisted that during the transitional period there was much to be done, and a permanent organization was necessary. Finally the two sides reached an agreement on this issue.

Shao Tianren said: The Joint Declaration is not very long, but every word in it was discussed before becoming final. It was indeed not an easy agreement to reach. However, over the past few years the basis for Sino-British cooperation has been sabotaged because Britain has acted against the principles and spirit of the Joint Declaration. Shao Tianren earnestly urged the British side to respect the historic document signed between the two sides 10 years ago, return to the path of abiding by the declaration and cooperate with China.

The Concept of "One Country, Two Systems" Is the Quintessence of the Declaration

Shao Tianren said: With the signing of the Sino-British Joint Declaration, the great concept of "peaceful reunification, and one country, two systems" has developed into a complete set of principles and policies and its contents have been greatly enriched. After the Joint Declaration was put in force, we formulated the Basic Law for the Hong Kong Special Administrative Region, thus turning the concept into a systematic law and further enriching its contents. The concept and the systematic policies and law are extremely appealing and convincing. They have struck roots in the hearts of the people in Hong Kong and have become a tremendous force promoting the country's peaceful reunification.

He said: Of course, there still exist interferences and resistances in our way to realizing the reunification of our motherland—some from inside of Hong Kong and others from certain foreign forces. We still cannot lower our vigilance. However, the country's reunification is the trend of the times and the desire of the people and it cannot be blocked by any force.

Shao Tianren said: The Chinese Government and people, including the Hong Kong compatriots, have the determination and capability to recover Hong Kong on time, resume the exercise of sovereignty over Hong Kong, and implement the Joint Declaration and the Basic Law. All resistance and obstacles can be overcome. The concept of "one country, two systems" will certainly be realized and the great cause of reunifying the motherland will surely be accomplished successfully.

Anniversary Viewed

OW1812063594 Beijing XINHUA Domestic Service in Chinese 1327 GMT 17 Dec 94

[By reporters Wu Ming (0702 2494) and Sun Chengbin (1327 2110 2430); "Take Firm Historical Strides—The Sino-British Joint Declaration in Retrospect on Its 10th Anniversary"]

[FBIS Translated Text] Hong Kong, 17 Dec (XINHUA)—An irreversible historical progress began on 19 December 1984. The Sino-British Joint Declaration, which was formally signed on that date in the Great Hall of the People in Beijing, proclaimed to the world: After more than 150 years' of colonial rule, Hong Kong will return to the motherland on 1 July 1997. China will resume its exercise of sovereignty over Hong Kong according to the principle of "one country, two systems"; for the first time in mankind's history, different social systems will be practiced in different regions of a sovereign country....

This historical process has been in action for 10 solid years. Over the last decade, the Chinese Government and people have consistently and faithfully abided by the Joint Declaration, and they have made positive efforts to ensure a smooth handover of Hong Kong's political power, to ensure Hong Kong's long-term prosperity and stability, to ensure the smooth implementation of "one country, two systems" in Hong Kong, and to achieve the goal of "the people of Hong Kong governing Hong Kong."

Translating the spirit of the Sino-British Joint Declaration and the great idea of "one country, two systems" into authoritative laws is the first firm step that the Chinese Government has taken for Hong Kong's return to the motherland. In July 1985, only eight months after the signing of the joint declaration, the PRC Hong Kong Basic Law Drafting Committee was established. Not long after that, a Basic Law counseling committee made up of 180 representatives from all sectors of Hong Kong was formed, thus enabling full-scale work on drafting the Basic Law to begin.

To enable the Hong Kong Basic Law to become the effective law for the administration of the future Hong Kong Special Administrative Region [HKSAR] members of the drafting committee during the drafting process, which lasted for four years and eight months, held countless forums and seminars involving all circles of Hong Kong, and they adopted various effective ways to seek all kinds of ideas and proposals. Opinions were again sought several times after the draft law was written. Looking back at that process, Vice President Rong Yiren, who was a member of the drafting committee, said: "With a sense of being responsible for history, for the great cause of the motherland's reunification, and for the few millions of Hong Kong compatriots, we adopted a pragmatic attitude of not forgetting history and respecting reality. In drafting the articles and clauses of the Basic Law, we pondered every word and sentence again and again, and we extensively sought and adopted opinions from people from all circles of Hong Kong." Speaking on the proposal in the Basic Law concerning Hong Kong's political structure, Liang Zhenying, secretary general of the Basic Law counseling committee, said: The proposal incorporates the good suggestions and includes the special points contained in all major proposals, takes into consideration the interests of all strata in Hong Kong, and is in accord with Hong Kong's reality.

When the Basic Law was ratified on 4 April 1990 by the Third Session of the Seventh National People's Congress, the historic legal document was highly praised by people in Hong Kong and by the international media, and it was called "a masterpiece that pools the wisdom of people from all circles across the country." Zhou Nan, director of XINHUA's Hong Kong branch, said, "The birth of the Basic Law marks the fact that Hong Kong's transitional period has entered a new stage."

While the Basic Law was being drafted, the Chinese Government made unremitting and sincere efforts to maintain Sino-British cooperation, to ensure a smooth handover of Hong Kong's political power, and to preserve Hong Kong's prosperity and stability during Hong Kong's transitional period. It can be said that during the first half of Hong Kong's transitional period, Sino-British cooperation was basically good. But, since 1989, the British Government has suddenly changed its policy toward China, thus beginning to undermine Sino-British cooperation. In October 1992, without any consultations with China, the British side put forward the "political reform proposal," which is in violation of the Sino-British Joint Declaration, the principle of fitting within the Basic Law, and the agreements and understanding that have been reached by China and Britain, thus creating obstacles to Hong Kong's smooth transition. With good intentions for ensuring a smooth handover of Hong Kong's political power, the Chinese and British Governments held 17 rounds of talks from April to November 1993, in hopes of reaching an agreement on the arrangements for Hong Kong's 1994-95 elections. During the eight-month talks, China, while insisting on

the principle of the Sino-British Joint Declaration, made substantial efforts to keep the talks going in hopes of reaching an agreement. The British side, however, repeatedly broke its own promises and deliberately undermined the talks, resulting in the breakdown of the talks. Under such circumstances, based on a decision of the NPC Standing Committee, the Preliminary Working Committee [PWC] of the Preparatory Committee of the HKSAR was established.

The PWC, a working organ made up of 57 members, is composed of 30 members from Hong Kong who represent the industrial, commercial, financial, labor, professional, and social service sectors. These Hong Kong members not only are widely representative and familiar with Hong Kong's actual situation, but they also have rich professional knowledge and experience. Over the last year and beyond, the PWC has carried out practical and tightly scheduled work in a serious and prudent manner. In formulating the work programs for its five special groups—political affairs, economic affairs, legal affairs, cultural affairs, and social and security affairs—in carrying out frequent investigations and studies in Hong Kong and on the mainland, and in facilitating communication and exchange between the two places, the PWC has done its utmost to study matters concerning Hong Kong's smooth transition and the smooth handover of Hong Kong's political power, in making good preparations for the establishment of the HKSAR Preparatory Committee, and in laying a solid foundation for Hong Kong's return to the motherland. To step up communication with all circles of Hong Kong and to gain a better idea of Hong Kong's actual situation, the PWC's political affairs and economic affairs special groups held meetings in Hong Kong in early May this year to establish extensive contacts with figures from Hong Kong's political groups, grass-roots civic bodies, business circles, and professional circles, and to seek their opinions and suggestions. In addition, the two groups also invited some Hong Kong figures with professional knowledge and experience to form a special research group to gather all kinds of opinions for study.

At the same time, through the Sino-British Joint Liaison Group, the Chinese Government has endeavored to discuss with the British side matters involving the handover in 1997, and more than 140 advisers on Hong Kong affairs and over 270 advisers on district affairs have offered various strategies and suggestions for Hong Kong's smooth transition. The scope of exchanges between Hong Kong and the mainland has continued to broaden, and mutual understanding between the two places has continued to deepen. A committee for coordinating capital construction projects in Hong Kong and the mainland has been established; the police of the two places have stepped up cooperation....

Practices over the last decade prove that the Chinese Government's stand on carrying out the Sino-British Joint Declaration has been unwavering. In the coming days, the Chinese Government will be committed, as it

always has been, to ensuring Hong Kong's long-term prosperity and stability and to fulfilling the great idea of "one country, two systems."

XINHUA Marks Anniversary

OW1712162594 Beijing XINHUA in English 1612
GMT 17 Dec 94

[FBIS Transcribed Text] Hong Kong, December 17 (XINHUA)—The Chinese government and people have honored the Sino-British Joint Declaration over the past ten years and done its utmost for the peaceful transition and long-term prosperity of Hong Kong, said a XINHUA dispatch today.

To mark the tenth anniversary of the Sino-British Joint Declaration on Hong Kong which was signed on December 19, 1984, XINHUA published a lengthy article to review the historical course of the last ten years after the China and Britain signed the joint declaration which announced that the sovereignty of Hong Kong will be reverted to China on July 1, 1997.

To write the Joint Declaration and the policy of "One China, Two Systems" into an authoritative law is considered the first step taken by the Chinese government on Hong Kong issue.

In July, 1985, eight months after the signing of the joint declaration, the establishment of the drafting committee of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China was announced. Then, a 180-member consultative committee comprised by representatives from all walks of life was formed.

In the following four years and eights months when the Basic Law was being drafted, the article said, numerous discussions and seminars have been held to solicit opinions from different walks of life. "We have weighed the words carefully and thought them over and over again and listened extensively to people from different walks of life and absorbed their opinions," said Rong Yiren, vice-president of the People's Republic of China and member of the drafting committee.

As a result, the Basic Law was hailed as an "intelligent masterpiece which has pooled the wisdom of people from various circles from all over the country" by Hong Kong and international media when it was passed at the third session of the Seventh National People's Congress in 1990. And Zhou Nan, director of the XINHUA NEWS AGENCY Hong Kong Branch, remarked that the Basic Law signified that "the transitional period for Hong Kong has entered a new period."

When the Chinese Government was busy with the drafting of the basic law, however, the British Government suddenly changed its policy towards China after 1989 and started to undermine Sino-British cooperation and introduced a so-called "political reform bill" in October 1992 which retreated from the position in the joint declaration.

To work for the smooth transition, the Chinese Government had held 17 rounds of negotiations with the British Government from April to November in 1993 and the Chinese government has shown great flexibility as to adopt most suggestions by the British side and agreed to cut down the electoral age from the original 21 to 18.

When the British side was undermining the talks which resulted in the break-down of the Sino-British negotiations, the Chinese Government took a firm step towards the smooth transition of Hong Kong in July, 1993 and announced the establishment of the Preparatory Committee of the Hong Kong Special Administrative Region in accordance with the decision by the Standing Committee of the National People's Congress.

The 57-member work committee, 30 of whom are from Hong Kong, includes prominent figures in industry and trade, finance, labor, specialists and social workers.

No sooner had the committee been set up, had it started work by mapping out work plans in five special topics such as political affairs, economy, law, culture, social issues and public security. The committee members have conducted investigations and researches in both Hong Kong and the mainland to work for the establishment of the preparatory committee of the Hong Kong Special Administrative Region and pave the way to revert the sovereignty of the region to China.

Meanwhile, the Chinese government has worked hard to discuss the relevant issues concerning the 1997 transition through the Sino-British Joint Liaison Group. More than 140 advisors on Hong Kong affairs, and more than 270 advisors on regional issues have offered advices and made suggestions for the smooth transition of Hong Kong.

In the meantime, exchanges of people between Hong Kong and the mainland have increased and the understanding between Hong Kong and the other parts of China enhanced.

Qian Qichen Speaks on Anniversary

OW1812014094 Beijing XINHUA in English 0119
GMT 18 Dec 94

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—Chinese Vice-Premier Qian Qichen and officials in charge of Hong Kong affairs Lu Ping and Zhou Nan have expounded on the significance of the Sino-British Joint Declaration on the Question of Hong Kong, signed between the two governments 10 years ago.

Delivering speeches separately to correspondents on the occasion of the 10th anniversary of the signing of the document, they expressed the hope that the British side would take concrete actions to earnestly abide by the joint declaration so as to enhance co-operation with China, reduce friction and make joint efforts to complete the smooth transfer of power in Hong Kong, a task entrusted to the two sides by history.

Reviewing the past and looking toward the future, they expressed confidence in Hong Kong's return to the motherland, adding that they are optimistic about the future of Hong Kong.

Qian, also director of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region, described the signing of the declaration as a pioneering undertaking and stressed that Hong Kong's smooth transition will mainly depend on the powerful motherland but also on the Hong Kong compatriots' involvement in its affairs.

Lu Ping, director of the Hong Kong and Macao Affairs Office of the State Council, called the signing of the document a great step in the practice of the principle of "one country, two systems."

He said that the key to Hong Kong's future is to depend on the implementation of the principle of "one country, two systems."

Zhou Nan, director of the XINHUA NEWS AGENCY Hong Kong Branch, attributed the signing of the declaration mainly to the power of the motherland, adding that Hong Kong's residents' confidence in the concept of "one country, two systems" has grown.

Lu Ping Discusses Declaration

*OW1812021994 Beijing XINHUA in English 0200
GMT 18 Dec 94*

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council, said that the signing of the Sino-British Joint Declaration on the Question of Hong Kong 10 years ago was a great practice of the principle of "one country, two systems".

He made the remark when delivering a speech to XINHUA here on the occasion of the 10th anniversary of the signing of the declaration.

The document has clearly expounded the 12-point basic principles and policies for Hong Kong.

Lu, who took part in drawing up these principles and policies, stressed that they had been shaped by the Chinese government before the talks between the two governments on the question of Hong Kong began.

He pointed out that, unlike what some people have said, these principles and policies were not a result of the Sino-British negotiations and did not come from Britain's efforts to help the Hong Kong people.

He said that, while meeting with the then Hong Kong Governor Sir Murray Maclehoose in 1979, veteran Chinese leader Deng Xiaoping said that China would adopt a special method to settle the issue of Hong Kong. Hong Kong's social system and way of life would remain unchanged, Deng said.

Afterwards, Lu said, in order to explore the possibilities of adopting this special method, Deng made investigations himself and gave many important instructions after talking with Hong Kong personages one group after another and carefully listening to their opinions.

Then, he said, "based on these instructions by Deng, we also organized a special group to make a study tour of Hong Kong and conduct investigations there. China's 12-point policies and principles on Hong Kong were gradually formed and approved by Deng and the Central Committee of the Communist Party of China."

He added, "As soon as the talks between the two governments on the question of Hong Kong began, we put forward these principles and policies, which were later written down in the declaration."

Lu said that adopting the concept of "one country, two systems" to settle the issue of Hong Kong was by no means without foundation, but was raised by the Chinese Government through cautious consideration by taking into account Hong Kong's history and realities.

He stressed, "Implementing the principle of 'one country, two systems' toward Hong Kong after 1997 is neither an expedient measure nor a matter of being swayed by our emotions and employing tricks. This is China's long-term state policy."

He noted that when the document was signed here between representatives of the two governments, many Hong Kong compatriots and foreigners attended the signing ceremony and witnessed this important and historical moment.

All the participants were pleased and inspired by settlement of the future of Hong Kong, he recalled.

Lu said that over the past 10 years there has been co-operation and at the same time differences between the two countries. "One experience that we have gained is that so long as the two sides abide by the joint declaration, their co-operation can achieve good results. If they depart from the declaration, bilateral co-operation will meet with difficulties."

This fully shows that the joint declaration is the basis of Sino-British co-operation, he stressed.

It is regrettable that in recent years the British government has departed from the spirit of the joint declaration, changed its policy toward the issue of Hong Kong and adopted the way of confrontation, he said.

Lu went on to say that now the British side has expressed its desire to co-operate with China. "We welcome this, hoping that the British side will return to following the spirit of the joint declaration and earnestly do practical work for the smooth transition of Hong Kong."

He said that although there have been twists and turns after the signing of the declaration, "I have always been confident about the future of Hong Kong."

"This is because adopting the principle of 'one country, two systems' is the best and also the only way to settle the issue of Hong Kong left over by history, and maintain its prosperity and stability," he said.

Lu said that he believed that as long as this principle is implemented, Hong Kong will become more prosperous and stable.

He noted that the fourth plenary session of the preliminary working committee, which concluded not long ago, "put forward the principle of mainly relying on our own forces to realize Hong Kong's smooth transition."

This again demonstrates that China's implementation of the principle of "one country, two systems" is unshakable, said Lu, adding that "this cause is a great practical effort that the entire Chinese people, including the Hong Kong compatriots, are engaged in."

"I am confident that, with the support of all the people of the motherland and the Hong Kong compatriots' involvement, we will accomplish this great historical task and achieve the goal we have set," Lu said.

Zhou Views Declaration, Reversion

OW1812022994 Beijing XINHUA in English 0219
GMT 18 Dec 94

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—Zhou Nan, director of the XINHUA NEWS AGENCY's Hong Kong Branch, said that the signing of the Sino-British Joint Declaration on the Question of Hong Kong should be attributed to a powerful China.

Zhou made this remark in an interview with XINHUA on the occasion of the 10th anniversary of the signing of the joint declaration. He said that people of all walks of life in Hong Kong are showing increasing confidence in the policy of "one country, two systems".

Reviewing the talks between China and Britain on the Hong Kong issue, Zhou, who participated as head of the Chinese government delegation, pointed out that all the 22 rounds of talks between 1982 and 1984 were conducted under the guidance of the "one country, two systems" concept put forward by veteran Chinese leader Deng Xiaoping.

He said that, at first, the British side doubted whether the concept of "one country, two systems" would work, since it was unprecedented in history. But Deng said with certainty that it would.

In accordance with this principle, China advanced specific plans, including a 12-point program concerning the continuous practising of the capitalist system in Hong Kong after 1997.

The British side finally accepted the Chinese proposal. When the two countries successfully reached the agreement in 1984 it was welcomed not only by the Hong

Kong residents but also applauded by the British persons both in and outside the government.

The agreement is generally considered a brilliant model for settling international disputes through peaceful channels, Zhou said.

Zhou quoted Deng as saying that the success of the talks between the two countries should be attributed to the powerful motherland, adding that China is a thriving country with strength and a reputation for keeping its promises.

In addition, he said, it also owed the success to the ideology of "seeking truth from facts" or proceeding from actual conditions.

Zhou said that the Hong Kong residents are becoming more and more confident about the implementation of the principle of "one country, two systems" in the region after 1997. The majority of them are optimistic about the future of Hong Kong. This is because they are supported by the powerful Chinese mainland.

Over the past few years, Zhou said, the economy of Hong Kong has gradually become combined with that of the mainland, and the fate of the Hong Kong residents has become closely linked with the mainland's development.

Turning to the issue of implementing the joint declaration, Zhou noted that, at the beginning, bilateral co-operation was basically good.

But in 1992 the British side changed its policy toward China due to its mistaken assessment of China's prospects for development. The British Hong Kong government tabled a constitutional package which ran counter to the Sino-British joint declaration, the principles of convergence with the basic law of the Hong Kong Special Administrative Region and the relevant agreements and understandings reached between the two countries.

It abandoned the principle of gradual development and is preparing to conduct so-called "democratic elections".

Thus, bilateral co-operation has been sabotaged, which is regrettable, he said.

Zhou said that China welcomes the willingness that the British side has shown recently about resuming co-operation with China, adding, "We hope that the British side will act according to what it has promised and especially co-operate with China on the smooth transition of Hong Kong in the coming two and a half years."

He urged the British side not to continuously create new troubles.

Zhou said that he was full of confidence about Hong Kong's future. Hong Kong's prosperity was mainly created by the Hong Kong residents themselves, he noted.

As the work of the preliminary working committee is proceeding smoothly and the preparatory committee will

be set up in 1996, more and more Hong Kong residents will take part in the region's political and social affairs.

"Under the guidance of the principle of 'one country, two systems' and the basic law, I believe that Hong Kong can be administered well, and become more prosperous and stable in future, as it will be governed by Hong Kong patriots," Zhou said.

Leaders on Declaration

OW1812125694 Beijing XINHUA Domestic Service in Chinese 0234 GMT 18 Dec 94

[By XINHUA reporter Feng Xiuju (7458 4423 5468); "Qian Qichen, Lu Ping, and Zhou Nan Deliver Speeches to the Press on the Great Significance of the Signing of the Sino-British Joint Declaration"]

[FBIS Translated Text] Beijing, 18 Dec (XINHUA)—On the occasion of the 10th anniversary of the signing of the Sino-British Joint Declaration on the Question of Hong Kong, senior Chinese officials Qian Qichen, Lu Ping, and Zhou Nan delivered important speeches separately to the press. They expounded from various perspectives on the significance of the signing of the joint declaration, and expressed the sincere hope that the British side will take concrete actions to truly return to abiding by the spirit of the joint declaration so as to enhance cooperation with China, reduce friction, and make joint efforts to complete the smooth transfer of power in Hong Kong, a task entrusted by the two sides by history.

Reviewing the past and looking toward the future, they expressed confidence in Hong Kong's return to the motherland, adding that they are optimistic about the future of Hong Kong.

Qian Qichen Describes the Signing of the Declaration As a Pioneering Undertaking; Hong Kong's Smooth Transition Will Depend Mainly on the Powerful Motherland, as well as on the Involvement by the People of Hong Kong

Qian Qichen, vice premier of the State Council and chairman of the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region, said: The Sino-British Joint Declaration on the Question of Hong Kong, signed 10 years ago, is a great pioneering undertaking for settling the issue left over by history through peaceful negotiations; and "one country, two systems" is the core of the declaration. He deemed the experimentation with this great concept a success.

Qian Qichen summarized Sino-British cooperation in the past decade since the signing of the joint declaration into the following two sentences: "The first half was relatively smooth. The second half witnessed some friction."

He said: Cooperation between the Chinese and British Governments was pretty smooth at the time when the joint declaration was signed in 1984. However, the

situation changed somewhat in the ensuing period. An anti-Chinese wave of opposition and hostility against China was whipped up abroad to exert pressure on China, while Sino-British cooperation also experienced some difficulties. The cause did not lie on the Chinese side.

Qian Qichen said: "Only two and a half years remain between now and 1997. Hong Kong's return to the motherland is the trend of the times and the desire of the people. I believe that China and Britain will, after all, cooperate on this fundamental issue, but cooperation does not mean that there should be no friction and no problem. We hope that the two sides will reduce friction, enhance trust, and strengthen cooperation."

He pointed out: Sino-British cooperation is an important condition for Hong Kong's smooth transition. However, what is crucial is that we must depend on our own strength, that is, we must depend on the powerful motherland and its people; as well as the involvement by the vast number of people of Hong Kong.

He said: The proposal of the concept of "one country, two systems" shows that China has become increasing powerful and developed, and that it is entirely capable of resuming the exercise of sovereignty over Hong Kong and of achieving the smooth transfer of power and peaceful transition in Hong Kong.

He said: The PWC's work is aimed at facilitating the people of Hong Kong to take part extensively in the work of ensuring the smooth transfer of power. He held that the PWC's work has been fruitful so far. In the past more than a year, the PWC held four plenary sessions, while its political affairs, economic, legal, and cultural and social special groups met dozens of times to carry out early-stage preparations for the formal inauguration of the Preparatory Committee. The PWC discussed issues in two categories: 1) those directly related to the smooth transfer of power in Hong Kong; and 2) those having a vital bearing on the everyday life of the people of Hong Kong. The PWC will convene two plenary sessions next year to lay a solid foundation for the inauguration of the Preparatory Committee in 1996.

He said: The people of Hong Kong have played an effective role in participating in the PWC. The vast number of Hong Kong compatriots love both the motherland and Hong Kong; and these two are not antagonistic to each other. He believed that the Hong Kong compatriots who love the motherland and Hong Kong will form a powerful force to play a vital role in maintaining Hong Kong's prosperity and stability.

Lu Ping Says: The Signing of the Declaration Is a Great Practice of the Principle of "One Country, Two Systems"; the Future of Hong Kong Depends on the Implementation of the Principle of "One Country, Two Systems"

The Sino-British joint declaration has clearly stipulated the PRC's 12-point basic principles and policies for

Hong Kong. Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, who took part in drawing up these principles and policies 10 years ago, told the press: Unlike what some people have said, these principles and policies were not a result of the Sino-British negotiations and did not come from Britain's efforts to help the people of Hong Kong, they had been shaped by the Chinese Government before the talks between the two governments on the issue of Hong Kong began.

He said: As early as in 1979, Comrade Deng Xiaoping, at a meeting with the then Hong Kong Governor Sir Murray Maclehose, pointed out that China would adopt a special method to settle the issue of Hong Kong, and that Hong Kong's social system and way of life would remain unchanged. Since then, in order to further explore the possibilities of adopting this special method, Comrade Deng Xiaoping conducted investigations and study himself, and gave many important instructions after talking with Hong Kong personages one group after another and carefully listening to their opinions. Based on Comrade Deng Xiaoping's instructions, we also organized a special group to conduct investigations and study in Hong Kong. On the basis of the study and investigations, the Chinese Government's 12-point policies and principles on Hong Kong were gradually formed and approved by Comrade Deng Xiaoping and the CPC Central Committee. As soon as the talks between the two governments on the issue of Hong Kong began, we put forward these principles and policies, which were later written down in the declaration.

Lu Ping said: Adopting the concept of "one country, two systems" to settle the issue of Hong Kong was not without foundation, but was raised by the Chinese Government through cautious consideration by taking into account Hong Kong's history and realities. He stressed: "Implementing the principle of 'one country, two systems' toward Hong Kong is by no means an expedient measure; nor is it a matter of being swayed by our emotions and, much less, of employing tricks. This is China's long-term national policy."

Recalling the signing of the Sino-British joint declaration, Lu Ping said: Many people from Hong Kong and foreign countries came to Beijing to attend the signing ceremony between the two governments, and witnessed this important and historical moment. All the participants were pleased and inspired by settlement of the future of Hong Kong.

He went on to say: It has been 10 years to the day since the Sino-British joint declaration was signed by the heads of the two governments. Over the past 10 years, there has been cooperation and at the same time differences between the two countries. One experience that we have gained is that so long as the two sides abide by the joint declaration, their cooperation can achieve good results. If they depart from the declaration, bilateral cooperation will meet with difficulties. This fully shows

that the joint declaration is the basis of Sino-British cooperation. It is regrettable that in recent years the British Government has departed from the spirit of the joint declaration, changed its policy toward the issue of Hong Kong, and adopted the way of confrontation. Now the British side has expressed its desire to cooperate with China. We welcome this, hoping that the British side will return to following the spirit of the joint declaration and earnestly do practical work for the smooth transition of Hong Kong.

Lu Ping said: "Although there have been twists and turns after the signing of the declaration, I have always been confident about the future of Hong Kong. This is because adopting the principle of 'one country, two systems' is the best and also the only way to settle the issue of Hong Kong left over by history and to maintain its prosperity and stability. As long as the principle of 'one country, two systems' is implemented, Hong Kong will become more prosperous and stable."

He added: The fourth plenary session of the PWC, which concluded not long ago, put forward the principle of "mainly relying on ourselves," which calls for depending on our own strength to realize Hong Kong's smooth transition. This again demonstrates that China's implementation of the principle of "one country, two systems" is unshakable. The cause of "one country, two systems" is a great practice by the entire Chinese people, including the vast Hong Kong compatriots. "I am confident that, with the support of all the people of the motherland and the Hong Kong compatriots' involvement, we will accomplish this great historical task and achieve the goal we have set."

Zhou Nan Says: The Signing of the Declaration Should Be Attributed to a Powerful Motherland; the Confidence of the People of Various Circles in Hong Kong in the Concept of "One Country, Two Systems" Has Grown

Zhou Nan, director of the XINHUA Hong Kong Branch, took part in the Sino-British talks on the issue of Hong Kong as the head of the Chinese Government delegation. He recalled that all 22 rounds of the Sino-British talks between 1982 and 1984 were conducted under the guidance of the great concept of "one country, two systems" put forward by Comrade Deng Xiaoping.

He said: At first, the British side doubted whether the concept of "one country, two systems" would work, since it was unprecedented in history. But Comrade Deng Xiaoping said with certainty that it would work. Later on, in accordance with the principle of "one country, two systems," China advanced specific plans, including the 12-point principles and policies concerning the continuing practice of the capitalist system in Hong Kong after 1997. The British side, which first doubted but finally believed in the principle of "one country, two systems," accepted the Chinese proposal.

He said: When the two countries successfully reached the agreement in 1984, it was welcomed not only by the

Hong Kong residents but also applauded by British personages both inside and outside the government. Public opinion from various circles generally considered the agreement a brilliant model for settling international disputes through peaceful channels. Comrade Deng Xiaoping, summarizing the signing of the agreement later on, said that it should be attributed to a powerful China. The talks were successful mainly because China is a thriving country with strength and a reputation for keeping its promises. In addition, the success is also a victory for historical materialism and dialectical materialism, and should also be attributed to the ideological line of seeking truth from facts.

Zhou Nan said: The people of various circles in Hong Kong are becoming more and more confident about the implementation of the principle of "one country, two systems" in the region after 1997. The overwhelming majority of the Hong Kong residents are optimistic about the future of Hong Kong. This is because they are supported by the hinterland of a powerful China.

He said: In recent years, the economy of Hong Kong has gradually become combined with that of the hinterland and has formed mutually dependent close ties. The fate of the Hong Kong residents has become closely linked with the hinterland's development.

Turning to the issue of implementing the joint declaration, Zhou Nan said: At the beginning, bilateral cooperation was basically good. But in 1992 the British side changed its policy toward China due to its mistaken assessment of China's prospects for development. The British Hong Kong Government put forward the "three violations" constitutional package, abandoned the principle of "proceeding in an orderly way and step by step" already been agreed upon between the two sides, and pursued the so-called democratic election system. Thus, bilateral cooperative relations have been sabotaged, which is very regrettable.

He said: "China welcomes the willingness that the British side has shown recently about resuming cooperation with China. We hope that the British side will act according to what it has promised and cooperate with China especially on the smooth transition of Hong Kong in the coming two and a half years, and will not continuously create new troubles."

Zhou Nan said: We are full of confidence about Hong Kong's future. Hong Kong's prosperity was mainly created by the Hong Kong compatriots themselves. As the work of the PWC is proceeding smoothly and the Preparatory Committee will soon be set up, more and more Hong Kong residents will take part in the region's political and social affairs.

He said: "Under the guidance of the principle of 'one country, two systems' and the 'basic law' and on the condition that the predominantly patriotic people of Hong Kong manage their internal affairs, I believe that

Hong Kong will surely be administered better and become more prosperous and stable in the future."

Economist on Declaration

*OW1812084994 Beijing XINHUA in English 0832
GMT 18 Dec 94*

[FBIS Transcribed Text] Beijing, December 18 (XINHUA)—A Chinese economist said here today that the Sino-British Joint Declaration on Hong Kong lays a sound foundation for Hong Kong's long-term economic prosperity.

Gao Shangquan, deputy head of the Chinese Society for Research on Restructuring the Economic System, said that the joint declaration signed 10 years ago was based on the concept of "one country, two systems" put forward by Deng Xiaoping.

Over the past decade, Gao said, the spirit of "one country, two systems" and "Hongkong people governing Hong Kong," which included in the joint declaration, have been a basic policy that the Chinese government follows in handling the Hong Kong issue.

The provisions of the Basic Law for the future Hong Kong Special Administrative Region also provide institutional guarantee to maintain Hong Kong's unique international status and its prosperity, he said.

The Chinese government has made it an important goal of policy to consolidate and further develop Hong Kong's status as an international financial, trade, shipping and information center, said Gao, who also heads the economic panel in the Preliminary Working Committee for the Preparatory Committee of the future Hong Kong Special Administrative Region.

At present, Hong Kong is the World's 11th largest trade zone with effective regulations for market operation and free competition. It has been keeping an annual economic growth of seven percent.

This is a "significant achievement" and owes largely to the joint declaration, Gao noted.

He added that the signing of the declaration has also laid a foundation for closer ties between Hong Kong and Chinese inland and had promoted economic development of both areas.

Trade volume between Hong Kong and the mainland was only 10.84 billion HK dollars in 1978 and the figure jumped to 740 billion last year. In the first eight months this year, the volume topped 542.4 billion HK dollars, up 14 percent.

Now, 90 percent of Hong Kong's manufacturing production has been moved to the south of the mainland. There are nearly three million workers in this area engaged in production, processing and assembling of commodities for Hongkong firms.

Every day, some 80,000 trucks carrying commodities go back and forth between Hong Kong and the mainland.

Gao predicted that after 1997 when China resumes sovereignty over Hong Kong, the economic ties will become even closer.

He stressed that economic cooperation between Hong Kong and the mainland after 1997 will continue to persist in the principle of mutual benefit and maintaining Hong Kong's international status.

XINHUA Commentary Views Anniversary

OW1812152994 Beijing XINHUA in English 1509
GMT 18 Dec 94

[FBIS Transcribed Text] Hong Kong, December 18 (XINHUA)—People in Hong Kong are more confident in their future as China is to resume her sovereignty over the territory in mid-1997, says a XINHUA commentary today marking the tenth anniversary of the Sino-British Joint Declaration on the Hong Kong Issue.

It says that HK people upon themselves this historic mission and are determined to make the transfer of power as smooth as possible and keep Hong Kong prosperous, brushing aside whatever obstructs the full implementation of the Joint Declaration. [sentence as received]

The Joint Declaration signed on December 19, 1984, states among other things that upon China's exercise of sovereignty over Hong Kong, a Hong Kong Special Administrative Region with a high degree of autonomy will be established with the existing social and economic systems and life style in Hong Kong to remain unchanged for 50 years.

Hong Kong compatriots have devoted great efforts to the principle of China's resumption of this sovereignty over the past decade, the commentary notes.

However, the British government changed its policy towards China several years ago. British Hong Kong Governor Christopher Patten put into effect his "constitutional package" in contravention with the Joint Declaration, the principle of convergence of the Basic Law of the future Hong Kong Special Administrative Region and the agreements and understandings already reached between the Chinese and British sides.

The essence of the controversy and confrontation between China and Britain concerns the principle of Hong Kong's sovereignty, the commentary says.

Hong Kong compatriots wish to see cooperation between China and Britain for this is conducive to Hong Kong's prosperity and stability and its smooth transition as well as the interest of both China and Britain.

All acts detrimental to China's resumed sovereignty over Hong Kong meet with strong criticism and opposition among Hong Kong compatriots, the commentary adds.

These acts include Britain's attempt to inject its political agents into the post-1997 regional government through the unilateral arrangements for the 1994 and 1995 elections, and other attempts to prolong its colonial influences after 1997.

'Commentary' on Declaration

OW1912101694 Beijing XINHUA Domestic Service in Chinese 0919 GMT 18 Dec 94

[“Commentary” by XINHUA reporter Shao Quan (67303123): “Take on the Important Responsibility Entrusted by History—In Commemoration of the 10th Anniversary of the Signing of the Sino-British Joint Declaration”]

[FBIS Translated Text] Beijing, 18 Dec (XINHUA)—The people of various circles in Hong Kong have recently launched various activities to commemorate the 10th anniversary of the formal signing of the Sino-British joint declaration. Imbued with strong national pride, they rejoice at their imminent return to the motherland's embrace to become the masters who rule Hong Kong.

Of the documents China signed with foreign countries in modern Chinese history, there are two that can hardly be forgotten by the Chinese people, especially the Hong Kong compatriots:

One is the Nanjing Treaty signed between China and Britain in 1842. Under the treaty, China was forced to cede Hong Kong to Britain. Moreover, China was required to pay “indemnities” for the opium which Britain used to poison the Chinese people's health and which was burned and destroyed by Lin Zexu, and for British military expenditures to invade China; even China's customs duty was to be discussed and decided jointly with Britain. This first unequal treaty, forced upon the corrupt Qing Dynasty government by the British colonialists using means of military aggression, was the presage of China being reduced to a semi-colonial, semi-feudal state divided up by big powers and the Chinese people falling into a deep abyss of misery. Following the signing of this treaty, Jiulong and Xinjie [New Territories] were successively seized by Britain. Since then, China has lost its sovereignty over all of Hong Kong, and Hong Kong compatriots have been ruled by British colonialists. The governor dispatched by Britain to Hong Kong holds power over the life and property of Hong Kong compatriots.

The other document is the joint declaration formally signed between China and Britain 10 years ago on 19 December 1984. In the joint declaration, the PRC Government has declared that China will resume the exercise of its sovereignty over Hong Kong on 1 July 1997; and the British Government states that it will hand over Hong Kong to the PRC on the same day. The joint declaration has also announced that after China resumes the exercise of its sovereignty over Hong Kong, a Hong Kong Special Administrative Region with a high degree

of autonomy authorized by the central government will be established, and Hong Kong's existing capitalist social and economic systems and way of life will remain unchanged for 50 years. This document with great historical significance has brought about a satisfactory settlement of the Hong Kong issue left over by history according to the concept of "one country, two systems."

History is the best teaching material. The course of events from the Nanjing treaty, a treaty of national betrayal and humiliation, to the Sino-British joint declaration sufficiently shows that China has been transformed from a poverty-stricken weak nation to one of prosperity and power. Especially worthy of note is China's rapidly developing economy and increasing national strength since the introduction of reform and opening up. China's growing international prestige has promoted Hong Kong's prosperity and development. All these bear testimony to the fact that a powerful motherland is the basic guarantee for maintaining Hong Kong's prosperity and stability and achieving its smooth transition.

The Chinese people, including Hong Kong compatriots, have cherished very much the motherland's resumption of the exercise of its sovereignty over Hong Kong, and have steadfastly safeguarded this principle of Hong Kong's sovereignty. Years ago when Sino-British talks on the issue of Hong Kong's future began, the British side successively put forward proposals on the "validity of the three unequal treaties" and "rights of sovereignty in exchange for the right of administration," in an attempt to prolong British colonial rule in Hong Kong. It was only because China had firmly safeguarded the principle of sovereignty and Britain had failed to carry out its attempts that the Sino-British joint declaration was born. A review of the course of events in the decade since the signing of the joint declaration shows that the principle of Hong Kong's sovereignty remains the crux of the British Government's change in its policy toward China in recent years and Hong Kong Governor Chris Patten's unilateral proposal and implementation of the "political reform package." The latter contravenes the spirit of the Sino-British joint declaration, the principle of convergence with the Basic Law, and the understandings and agreements already reached between China and Britain, and has stirred up controversies and confrontations between the two countries and has created rumors subsequently. Hong Kong compatriots wish to see cooperation between China and Britain, for this is conducive to Hong Kong's prosperity and stability and its smooth transition as well as the interest of both China and Britain. However, the principle cannot be traded for anything. All acts detrimental to China's resumption of sovereignty over Hong Kong have met with strong criticism and opposition among Hong Kong compatriots. These acts include Britain's attempt to inject its political agents into the post-1997 regional government through the unilateral arrangements for the 1994 and 1995 elections, and other attempts to prolong its colonial influences after 1997.

While commemorating the 10th anniversary of the formal signing of the Sino-British joint declaration, Hong Kong compatriots are more confident than before in their future. They have become more aware of the fact that it is their right as well as important responsibility, entrusted by history, to witness Hong Kong's return to the motherland, to implement the concept of "one country, two systems," and to make Hong Kong more prosperous. Hong Kong compatriots are determined and capable to, under the motherland's support, continue to actively participate in Hong Kong's affairs during the transitional period as the masters by displaying the spirit of loving the motherland and Hong Kong, waging relentless struggles against all acts of interfering with and sabotaging the Sino-British joint declaration, and tempering their talent and determination to administer Hong Kong so as to usher in tomorrow when they become the masters of their own.

Anniversary Prompts Positive Tone

HK1912055894 Hong Kong SOUTHERN CHINA MORNING POST in English 19 Dec 94 p 1

[By Connie Law and So Lai-fun in Hainan]

[FBIS Transcribed Text] Chinese leaders adopted a more positive tone on Sino-British co-operation yesterday, the 10th anniversary of the formal signing of the Joint Declaration on returning Hong Kong to China. Vice-Premier Qian Qichen said China and Britain could co-operate on the transfer of sovereignty, which he said was a "fundamental issue". "But that does not mean that there will be no conflicts or problems," he said in Beijing. "It is my sincere hope that the two countries will reduce their conflicts, increase mutual trust and enhance co-operation."

In July, Mr Qian said China did not harbour any hopes of further cooperation. This month, he criticised London's reluctance to deal with the Preliminary Working Committee. He said that although co-operation was a vital factor for a smooth transition, the most important thing was to rely on "our own forces" the "powerful motherland" and Hong Kong people. Mr Qian said a trend had developed of Britain opposing China, adopting a hostile attitude towards it and exerting pressure on it worldwide.

The director of State Council's Hong Kong and Macao Affairs Office, Lu Ping, said it was regrettable that Britain had departed from the spirit of the Joint Declaration and adopted such a confrontational approach. Mr Lu said the British side was again expressing a most welcome desire to co-operate. As long as the two sides abided by the Joint Declaration, co-operation could achieve good results. Strict compliance was needed in the formation of the Court of Final Appeal, he said, hinting Britain's draft bill to set up the court before 1997 did not comply.

Britain failed to secure China's endorsement on the bill during the Joint Liaison Group (JLG) meeting which

ended on Friday. British team leader Hugh Davies said China had expressed no formal stance on the bill, although Britain had answered Beijing's queries. He said the bill would go to Legco early in the new year, even without China's blessing to it. But Mr Lu said: "If Britain does not adhere to the agreement, the matter will become very complicated." He did not say how Britain might have departed from the agreement. "We do hope the court be set up before 1997 in accordance with the JLG agreement," he said. "We are not concerned about whether Britain is going to introduce the bill to the Legislative Council. "But since the two sides made an agreement, it should be strictly carried out according to it. "It is Britain's business to table the bill in Legco," he said.

Media, Figures Cited on Declaration

OW1912063794 Beijing XINHUA in English 0606
GMT 19 Dec 94

[FBIS Transcribed Text] Hong Kong, December 19 (XINHUA)—Local media and public figures today urged the British government to strictly abide by the Sino-British Joint Declaration and return to cooperation with China over the Hong Kong issue.

The call voiced here today coincides with the 10th anniversary of the Sino-British Joint Declaration, a historic document signed between China and Britain on December 19, 1984.

In a commentary, Chinese-language newspaper Hong Kong Commercial Daily said that the joint declaration declares to the world that the 150 years of the British colonial rule in Hong Kong will come to an end on June 30, 1997.

It said that the joint declaration stipulates that the Chinese and British governments should cooperate over important issues in Hong Kong in the transitional period marked by the signing.

However, the commentary accused the British side of violating the joint declaration by adopting a confrontational attitude towards the resolution of the Hong Kong issue in the latter half of the transitional period.

China, as a receiving side, has every reason to ensure a smooth transition and take back a prosperous Hong Kong, said the commentary. And it advised the British side to return to the track of the joint declaration.

A by-lined article in another Chinese-language newspaper Wen Wei Po warned that it is no use for the British side to take a confrontational attitude towards China regarding the Hong Kong issue.

The change in the British policy towards China around 1989 was based on a wrong evaluation of the world situation, said the article, adding that China, instead of following the steps of the former Soviet Union as expected by the British side, has become firmer and stronger.

The British side would have nothing to gain politically by trying to change the present political system in Hong Kong, said the article, adding that cooperation is not only conducive to China and Hong Kong but also in the best interest of Britain.

In late 1992, Hong Kong Governor Chris Patten championed political reforms in Hong Kong by introducing to the local legislature a package of reform proposals regarding the 1994-95 elections in the territory despite repeated objections from China.

The Chinese side accused the political reform proposals of violating the joint declaration and the Basic Law, another important document regarding the future of Hong Kong, and vowed to dismantle and re-organize the three-tier political structure in Hong Kong which is based on the proposals of Chris Patten, after 1997.

Ta Kung Pao, a local newspaper, said in a commentary that a basic point of the joint declaration is that the existing social and economic systems in Hong Kong should basically remain unchanged.

The Chinese-language newspaper warned locals to keep a vigilant eye on attempts by some people to change the existing economic system which has proved effective.

It urged the British side to resume cooperation with China in all fields and implement the Sino-British Joint Declaration both in letter and in spirit.

Henry Fok Ying Tung, a leading local businessman, was today quoted as saying that it is his hope that the Chinese and British governments will resolve the Hong Kong issue in the way they did in signing the joint declaration.

Allen Lee Peng-fei, a local legislator, said that it is very disappointing to see the change in the British policy towards China which has destroyed the good relationship that the two countries once enjoyed.

History will prove that China will keep its promise about Hong Kong, he said, adding that Hong Kong people should strengthen their communication with Chinese mainland in the next two and half years.

Lo Tak-shing, a famous lawyer, said that at first many Hong Kong people did not believe that China will seriously carry out the "One Country, Two Systems" policy and its promises made in the joint declaration.

However, they later changed after they saw the great importance that China attached to the joint declaration and the Basic Law, he said.

Lo, a member of the Preliminary Working Committee (PWC) for the Preparatory Committee for the Hong Kong Special Administrative Region, said that through his work in PWC, he deeply felt that the Chinese side is strictly abiding by the joint declaration in handling the Hong Kong issue.

Tsang Hin Chi, president of the Chinese General Chamber of Commerce in Hong Kong, said that as a Chinese and a Hong Konger, it will be a great joy to witness the historic moment of China resuming its sovereignty over Hong Kong in 1997.

Tsang said that the situation in Hong Kong has become complicated and confusing since the introduction of the political reform bills by Governor Patten.

He said that Hong Kong compatriots should be aware that the Chinese government is determined and capable of maintaining a smooth transfer of power in Hong Kong and ensuring its long-term stability and prosperity.

Jiang Zemin, Qiao Shi Meet With Delegation

*OW1612133794 Beijing XINHUA in English 1319
GMT 16 Dec 94*

[FBIS Transcribed Text] Beijing, December 16 (XINHUA)—Chinese President Jiang Zemin today met with a Hong Kong business delegation headed by Tsang Hin Chi, newly elected president of the Chinese General Chamber of Commerce in Hong Kong, at Zhongnanhai, the headquarters of the Chinese government.

While extending his welcome to the visiting guests, Jiang congratulated Tsang Hin Chi for his being elected 39th president of the organization and encouraged the Hong Kong group to work for the stability and prosperity of Hong Kong as well as economic construction in the Chinese mainland.

Tsang, also chairman of Goldlion Holdings Limited, said that the chamber of commerce will continue to carry forward its patriotic tradition and make contributions to the prosperity of Hong Kong and peaceful transition.

Meanwhile, Qiao Shi, Chairman of the Standing Committee of the Chinese National People's Congress, also met with the Hong Kong business delegation.

Wang Zhaoguo, head of the United Front Work Department of the Communist Party of China Central Committee, Jing Shuping, Chairman of All-China Federation of Industry and Commerce, as well as other Chinese officials were present at today's meetings.

Beijing Urges European Parliament To Stop Meddling

HK1912080994 Hong Kong EASTERN EXPRESS in English 19 Dec 94 p 2

[By Political desk]

[FBIS Transcribed Text] China yesterday stepped up its attack on the European Parliament's decision to set up and fund a human rights centre in Hong Kong, saying the move was tantamount to interference in China's internal affairs.

Zhang Junsheng, a deputy director of the New China News Agency (Xinhua), bluntly told the European Parliament to mind its own business. "What right does the European Parliament have to set up and fund a human rights centre? Europe should mind its own business. Why does it want to meddle in another country's affairs?" Zhang said.

He dismissed arguments that the centre was essential to maintaining Hong Kong's status as an important international financial city. "There are so many international financial cities in the world," Zhang said. "Do they all need a human rights centre? This is unreasonable." The \$1.8m fund was proposed by a British Liberal Democrat member of the European Parliament and passed by the parliament's budget committee last Thursday.

Martin Lee, the leader of the Democratic Party, yesterday welcomed the establishment of the centre, saying it was not in breach of the Basic Law. He said other totalitarian nations were subjected to regular investigation by international human rights groups. Michael Suen, the Secretary for Home Affairs, said yesterday that the Hong Kong government had already provided enough safeguards against breaches of human rights. He said he did not believe the European Parliament would send a representative to Hong Kong to investigate the human rights situation.

Lu Ping, the director of the Hong Kong and Macao Affairs Office, blamed Britain on Saturday for instigating the move. Chen Ziyi, his deputy, said the move was not only a gross interference in China's internal affairs, but a serious challenge to the Basic Law.

He said the proposed centre would be opposed by "all Chinese people including all Hong Kong compatriots".

Human Rights Concept Criticized

*OW1712090594 Beijing XINHUA in English 0849
GMT 17 Dec 94*

[FBIS Transcribed Text] Beijing, December 17 (XINHUA)—A spokesman for the Hong Kong and Macao Affairs Office of China's State Council here today criticized the European Parliament's agreement to aid the establishment of a so-called "Human Rights Center" in Hong Kong.

The spokesman said that recently the European Parliament, encouraged by a few members of the British Parliament, unexpectedly agreed to allocate funds from the beginning of next year to help certain people to set up the center.

It is said that after the establishment of this center, the European Parliament would continue to aid it, even after 1997, according to the spokesman.

The spokesman noted that "We are greatly surprised at this" as it constitutes a severe challenge to the Basic Law of the Hong Kong Special Administrative Region and is a rude interference in China's internal affairs.

The Chinese people, including Hong Kong people, will never accept this move, the spokesman stressed.

Official on UK Responsibility for SRV Migrants

HK1912125094 Hong Kong WEN WEI PO in Chinese
15 Dec 94 p A12

[Report: "XINHUA Deputy Director Zhang Junsheng Says British Side Has Unshirkable Responsibility To Solve Boat People Problem"]

[FBIS Translated Text] In view of the fact that the Hong Kong Government has once again released 16 Vietnamese boat people from detention camps and argues that some of these boat people have been released because the Chinese side had refused to accept them due to the reason that they were unable to verify their status of being resettled in China in the past, Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, pointed out yesterday that the Chinese side's position has been explained clearly. If the Chinese authorities can verify the status of any boat people as being settled in China in the past, the Chinese Government would certainly be responsible for accepting such people. However, if they could not verify such a status, how could they accept them? Zhang Junsheng also pointed out: The boat people issue is completely a burden imposed by the British authorities on the residents of Hong Kong. According to the UN comprehensive refugee plan, the issue of those boat people stranded in Hong Kong should be completely solved by 1995. Therefore, the British authorities should be responsible for completely solving the boat people issue before the handover in 1997. This is their responsibility. How can the buck be passed to the Chinese side, and how can the burden be imposed on the residents of Hong Kong?

When asked whether the boat people issue will be discussed at meetings of the Joint Liaison Group, Zhang Junsheng said that if the British side does not solve this problem the Chinese side will make representations to the British side through certain channels.

Zhang Junsheng said this when answering reporters' questions after attending the opening ceremony of a photo exhibition to mark the 10th anniversary of the signing of the Sino-British Joint Declaration yesterday afternoon.

PRC Attacks UK on Refugees

HK1712072094 Hong Kong SOUTH CHINA
MORNING POST in English 17 Dec 94 p 3

[By So Li-fun in Sanya, Hainan Province, and Scott McKenzie]

[FBIS Transcribed Text] Senior Chinese official Lu Ping yesterday attacked Britain over its "failure" to deal with the problem of the Vietnamese boat people in Hong Kong. He said Britain was obliged to resolve the problem because it had made the territory a port of first asylum.

Mr Lu, the director of the Hong Kong and Macao Affairs Office, said allowing boat people to stay in the territory and become permanent residents would be a breach of the Basic Law. Referring to the release of scores of boat people from detention camps into the Pillar Point refugee centre, Mr Lu said: "There have been some suggestions that those Vietnamese boat people who are unwilling to be sent back become permanent residents, allowing them to stay in Hong Kong.

"This contravenes the Basic Law. The Basic Law stipulates that they can never be Hong Kong permanent residents because they do not ordinarily reside in Hong Kong.

"Even if the Vietnamese people had resided in Hong Kong for 100 years, they could not be regarded as Hong Kong (permanent) residents," he said in Sanya, where he is meeting a group of Hong Kong affairs advisers. Mr Lu said the boat people were only temporary residents.

The Vietnamese he was referring to were released from detention after the Government acknowledged it had no legal right to hold them. Some had volunteered to return home but had been refused by Hanoi, which said they were not Vietnamese nationals. The Government faces a court challenge on Monday [19 December] in which it must defend the legality of detaining five applicants representing 15 people in a writ of habeas corpus. Officials have stressed the boat people are regarded as illegal immigrants and will not be given permanent residency.

Mr Lu's comments came as a new manager was appointed to take over the Pillar Point camp in a move aimed at targeting drug addiction problems. The change has been ordered because the remaining 2,000 inmates include drug addicts and handicapped and elderly refugees, rather than refugees awaiting resettlement. The Hong Kong Housing Service for Refugees has managed the camp since its inception in 1989. The St Stephen's Society will take over management from February 1.

The Government has acknowledged it will be left with a few hundred Vietnamese refugees who cannot be resettled because of drug or medical problems which put them outside most countries' admission criteria. Many have been in Hong Kong for as long as 10 years.

The international community has called on countries of first asylum to declare the number of refugees who cannot be resettled by the end of the year. Most of those left at Pillar Point arrived before June 16, 1988, when the refugee determination process was introduced. Before that, asylum-seekers were automatically granted refugee status. The Government has ruled out settling the boat people locally but has not revealed what options it is investigating.

For the past two months, an Australian doctor specialising in drug detoxification has been based at Pillar Point developing a plan to counter the drug problem. The

doctor, who has been assigned at the request of the United Nations High Commissioner for Refugees (UNHCR), will devise scheme by January which may be used as a model for similar programmes across the world.

The UNHCR chief of mission Jahanshah Assadi said yesterday: "The S Stephen's Society, which ha been managing a successful drug detoxification programme for some time, is familiar with the many problems facing Pillar Point and have accepted our mandate." Mr Assadi thanked the Housing Services for its work and said it would continue to manage the Tai A Chau Vietnamese detention centre.

The boat people released by the Government were accommodated at Pillar Point against the wishes of the UNHCR whose staff was concerned that the group could be affected by the large population of drug addicts. Housing Services chairman Derek Murphy said he understood the need for a new approach to Pillar Point's problems.

—A group of 247 Vietnamese migrants yesterday returned to Vietnam under the UNHCR's voluntary repatriation programme. Hong Kong has requested urgent talks with Vietnam over difficulties with the programme.

JLG Talks Conclude With 'No Agreement'

HK1712081894 Hong Kong EASTERN EXPRESS in English 17 Dec 94 p 1

[By Sally Blyth and Rosemary Langford]

[FBIS Transcribed Text] Hopes that the crucial work of the Sino-British Joint Liaison Group [JLG] can be speeded up have been dashed again. Vital JLG talks in London broke up last night without agreement on any key issue on the agenda, including the court of final appeal (CFA).

Britain hoped China would give its approval for the bill early next month but there was not even agreement to hold expert talks on the issue. This puts the establishment of the court before 1997 in doubt.

China again refused to give its blessing to the urgently needed Container Terminal 9 (CT9) and mainland officials would not accept that Hong Kong citizens returning from overseas should have permanent right of abode.

A communique released by both sides said other matters discussed but not concluded at the three-day meeting included air-service agreements, the sewage disposal scheme, localisation and adaptation of laws, multilateral agreements and mutual legal assistance in criminal matters.

The British JLG team leader, Hugh Davies, said yesterday that he had proposed more meetings with his counterpart, Zhao Jihua, in order to solve these problems. "We've made some modest progress. But these

results do not match up to what is required," Davies said. He singled out in particular right of abode and CT9, urging China to "lift its veto" to enable construction work to proceed.

Davies said the British team had passed to the Chinese "comprehensive lists" of Hong Kong government assets and "extensive information on the civil service and its structure". "On the British side, we are determined to demonstrate by our actions that we are committed to a smooth transition of a prosperous and stable Hong Kong," he said. "During the past three months, we've put forward to the Chinese proposals for dialogue on budgetary matters."

The Hong Kong government has already warned that time is running out if the CFA is to be set up by 1996, saying that the bill must be introduced to the Legislative Council next month, to be passed before Legco takes its summer recess in July.

It is understood that, while Zhao made it clear he was keen to see greater progress in the JLG, the two sides do not appear to see eye to eye on how this should be done.

British diplomats close to the talks say the new head of the Chinese JLG team, Zhao Jihua, has not been as flexible in his approach to the discussions as expected. They said this could be because it was his first meeting. Zhao replaced Guo Fengmin, who retired early last month.

No date has been set for the next round of JLG talks.

UK 'Incapable' of Understanding PRC View of JLG

HK1812060294 Hong Kong SOUTH CHINA MORNING POST in English 18 Dec 94 p 16

[Editorial: "How Both Sides Differ on Role of JLG"]

[FBIS Transcribed Text] Tomorrow marks the tenth anniversary of the signing of the Joint Declaration. It would have been fitting for the Joint Liaison Group (JLG) to have marked the occasion with some good news. Instead, the JLG talks broke up on Friday without agreement on key issues or achieving the necessary momentum that British team leader Hugh Davies had hoped for.

With no change to the background music of strained relations between Britain and China since the JLG's September meeting, progress was bound to be wishful thinking. Yet, Britain still seems utterly incapable of comprehending just how much China's view of the role of the transitional body has changed over the past year.

Instead London continues to adopt the same rosy view it has traditionally held. Namely, that the JLG is there to minimise upsets in 1997, by agreeing on some of the changes which will be needed after the handover, and putting them in place before then.

The problem is that Beijing, which only ever grudgingly accepted such a view of the bilateral body's role, has totally abandoned it in the wake of the political reform row.

Now that the through train has been derailed, there by guaranteeing that the transition will not be entirely smooth, China apparently sees no point in discussing other issues where it might previously have been prepared to compromise, for the sake of a continuity that cannot now be achieved. Instead it would rather wait another 926 days until it has the power to handle such issues on its own, without the need for making any concessions.

That is why Beijing has been so busy wrecking what London still persists in seeing as the main agenda of the JLG. Container Terminal No. 9 (CT9) has been rendered dead and buried until after the handover. The adaptation of laws is also now a non-starter, after former Chinese JLG team leader Guo Fengmin made clear that Beijing no longer saw it as a matter for discussion with Britain.

Last weekend saw Hong Kong and Macao Affairs Office chief Lu Ping cross two more items off the JLG agenda, by declaring that the issue of permanent residency will not be resolved until after 1997 and warning that Court of Final Appeal judges might not straddle the transition.

It has been clear since the autumn what Beijing now sees as the JLG's agenda, when it demanded a list of all the Hong Kong Government's properties and details on its civil servants. After some initial opposition from Mr Davies—who still hankers after the romantic notion that the JLG remains a forum for resolving issues such as CT9, rather than handing over lists to the Chinese—both demands were swiftly complied with.

Beijing can now be expected to use the information it receives to closely monitor every step the Hong Kong Government makes during the dying days of colonial rule and vigorously complain whenever the administration does anything it dislikes.

For that is all China now sees the JLG as fit for. Expect it to block initiatives the Government takes such as its proposed access to information code—while gathering information that will make it easier to assume power in 1997. Expect protests also whenever the administration tries to sell off an asset on the list of what Beijing sees as its rightful property after 1997.

China has already begun to complain about Britain's failure to include the cash-rich Kowloon-Canton and Mass Transit Railway corporations on its lists.

That means Britain, which still sees it as crucial to make progress in the JLG, will now find that "progress" is interpreted by Beijing very differently from the way it has done in the past and that the more "progress" the JLG does make, the more trouble it will cause the Hong Kong Government.

It is even conceivable that, before long, Governor Chris Patten and Mr Davies will discover that it will no longer be in their interests to keep on calling for a speeding up of the work of the JLG.

JLG Leader Rejects 'Unilateral Action' on Court

HK1712073294 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 3

[By Europe editor David Wallen in London]

[FBIS Transcribed Text] China said early today (Hong Kong time) that it would not accept any "unilateral action" by Britain to set up the Court of Final Appeal. Ambassador Zhao Jihua, the new leader of the Chinese delegation at this week's Joint Liaison Group (JLG) talks in London, refused to say what action China might take.

But he made clear that although London and Beijing stood by the 1991 agreement on the court, consultation on the draft bill was continuing. His statement came an hour after British delegation leader Hugh Davies said the proposed legislation would be laid before the Legislative Council early next year.

Although the Chinese side appeared to have pulled back from statements by Lu Ping, director of the Hong Kong and Macao Affairs Office, questioning whether judges could serve beyond 1997, Mr Zhao made clear the debate was far from over. He said the British delegation had only recently handed the Chinese side a copy of the bill.

Mr Davies admitted the results of the talks did not match up to what was "required and expected". Clearly frustrated, he added: "While we have taken some useful steps forward we have failed to achieve the necessary momentum, particularly in areas of major importance to Hong Kong.

"It is clear we are going to have to do very much better in the remaining 2 1/2 years."

Both sides made clear they were looking at ways to speed up progress in the JLG. They are considering extending the length of the twice yearly meetings as well as increasing the number of contacts at expert level.

Beijing Prepared To Soften Position on Court

HK1912080594 Hong Kong EASTERN EXPRESS in English 19 Dec 94 p 3

[By Shiny Li in Sanya, Hainan]

[FBIS Transcribed Text] In what appeared to be an indication that Beijing is prepared to soften its tough position on the court of final appeal, Lu Ping has said that the CFA can be established before the 1997 handover—but only if it is based on the 1991 Sino-British agreement.

The director of the Hong Kong and Macao Affairs Office said yesterday that the handling of the CFA issue "would

be easy" if the draft bill for its constitution was based on the agreement. "We too hope that the CFA, based on the agreement, can be set up before 1997," Lu said. "That is why we reached the agreement in 1991." Lu said all Britain had to do was simply to implement the agreement. Britain has insisted that the draft bill was entirely based on that agreement.

He declined to reveal what part of the bill Beijing considered not to be in line with the 1991 Sino-British agreement. The controversial agreement allows only one overseas judge to sit on the panel of the CFA, together with four local judges. The four-to-one ratio has been criticised by the legal profession as a violation of the Basic Law which allows for flexibility in the number of overseas judges allowed to sit. Britain has already passed a copy of the proposed CFA bill to Beijing for its endorsement. The latest round of meetings of the Sino-British Joint Liaison Group, which ended in London on Friday, again failed to resolve the controversial issue.

'Opposition' Leads Government To Abandon Pension Plan

HK1712071694 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 1

[By Chris Yeung and Fung Wai-kong]

[FBIS Transcribed Text] The Government has begun looking at other ways of improving welfare for the elderly, indicating that it is preparing to abandon its old age pension scheme in the face of Chinese opposition. A senior government source admitted it would be impossible to put the compulsory pension scheme before the Legislative Council and hope to get it passed amid the criticism levelled by Chinese officials and local groups.

The Government would almost certainly drop the scheme if there was firm opposition to it in the Sino-British Joint Liaison Group meeting which has just ended in London. "So far, the comments by Chinese officials are hardly promising. Other options are now being looked at," the source said.

The Secretary for Education and Manpower, Michael Leung Man-kin, said yesterday the administration was still examining about 6,000 submissions it had received on the scheme and various alternative proposals. It was hoped a decision would be forwarded to the Executive Council early next year.

The scheme was unveiled with a vigorous campaign designed to win public support. Governor Chris Patten and his top aides went to work praising and explaining the scheme as the only viable option to take care of elderly people in the community. They portrayed the plan as the simplest and fairest means of providing adequate, dignified payments that did not present a burden to Hong Kong, now or later.

But Mr Leung hinted the Government did not intend proceeding with the scheme unless China, the business

sector and the Hong Kong community all supported it. He insisted, however, that the Central Provident Fund remained a non-starter, even though there were "not a lot of other options left".

Eligible elderly people aged 65 or above were to have been entitled to an age pension of \$2,300 a month. The Government planned to make an initial injection of \$10 billion, but the scheme was to be funded by a contribution of three percent of an employee's salary shared equally between employers and employees.

A mainland official said the Government scheme was riddled with flaws, as pointed out by many academics. "As a matter of fact, the Government has also shown signs of backing down from the scheme," he said.

Deputy Director of the Hong Kong and Macao Affairs Office Chen Ziying said earlier this week the scheme merely touched upon allowances for the elderly. He maintained that the Government should introduce a compulsory pension scheme based on existing private pension systems, but with comprehensive supervision. The Chinese position was relayed to the Government during a recent visit by a department head of the Hong Kong and Macao Affairs Office, Zhao Binxin.

The Hong Kong source said the Government was likely to increase existing allowances for the elderly in addition to any compulsory pension scheme that might be introduced. The administration was understood to be studying the financial implications for such an increase.

An Executive Councillor revealed that a decision on the fate of the scheme would be taken early next month. The member blamed the Liberal Party for wrong-footing the Government on the scheme. The party endorsed the proposal when it was unveiled last December but took a totally different line when the Government began its public consultation on the scheme in July. "This time, they opposed the scheme fiercely and left the Government with the support of only the Democratic Party in Legco," the source said.

XINHUA Official on Pension Fund

HK1712020094 Beijing XINHUA Hong Kong Service in Chinese 1258 GMT 10 Dec 94

[FBIS Translated Text] Hong Kong, 10 Dec (XINHUA)—Yesterday, Zhang Junsheng, deputy director of the XINHUA Hong Kong Branch, said that the Chinese Government is deeply concerned about the issue of the Hong Kong civil servants pension fund and hopes to discuss this issue with the British side.

He said: The Chinese side thinks that the pension fund of 7 billion Hong Kong dollars, set up by the Hong Kong Government for civil servants, is too small. It is necessary to discuss the issue through the Sino-British Joint Liaison Group to work out an appropriate amount for the fund after fully consulting the civil servant organizations.

Zhang Junsheng said: The British Hong Kong authorities often say that the government has sufficient financial reserves. Why has it not taken more money in the interest of maintaining the stability of the civil service? This is a matter concerning not only the stability of the civil service, but also the welfare of the civil servants themselves.

Legislators Appeal To Stop Persecuting Wang Dan

HK1812042994 Hong Kong HONG KONG STANDARD in English 17 Dec 94 p 4

[By Annie Chen]

[FBIS Transcribed Text] Legislator Emily Lau has written to the mainland authorities appealing for a halt to the persecution of activist Wang Dan, just a week after international intellectuals started a similar campaign. The letter was sent on Thursday [15 December] to the head of the National People's Congress, Qiao Shi, asking the Chinese authorities to stop the persecution of dissidents.

The letter was signed by more than 100 people, including legislators Martin Lee, Szeto Wah, Yeung Sum, Lau Chin-shek, Fred Li, Lee Wingtat, Albert Chan, Cheung Mankwong, Fung Chi-wood, Michael Ho, Man Sacheong, Tik Chi-yuen, James To, Zachary Wong, Christine Loh and Huang Chen-ya.

Ms Lau wrote: "A civilised government must respect citizen's human rights and rights of having a different opinion from the government. So we call on the Chinese government to stop persecuting Wang Dan and other dissidents."

Mr Wang has filed a lawsuit with the Beijing Intermediate Court alleging severe breach of his human rights as a result of police harassment. He has announced plans to step up international pressure by appealing to world leaders, including United States President Bill Clinton and the United Nations Human Rights Commission, if his attempt fails.

Human Rights Watch/Asia has also condemned alleged death threats to Mr Wang by Beijing police.

Editorial: Prison Term 'Too Harsh'

HK1812043294 Hong Kong HONGKONG STANDARD in English 17 Dec 94 p 12

[Editorial: "Dissidents' Prison Terms Too Harsh"]

[FBIS Transcribed Text] Is China cutting off its nose to spite its face? That seems, at first glance, to be the only conclusion one can draw from yesterday's sentencing of nine dissidents to harsh jail terms.

At a time when it is lobbying vociferously for membership of the General Agreement on Tariffs and Trade (Gatt), which will be superseded by the World Trade Organisation (WTO), China has cracked down on human rights and dissent by meting out lengthy prison terms obviously aimed at stifling any resistance to the party's writ.

This action would seem to fly in the face of Beijing's claim that it has made great strides in human rights.

This is the biggest batch of dissidents to be sentenced since June 4, 1989, and the sentences are extremely harsh.

China claims to be a socialist democracy, to give its people freedom of speech, and freedom to criticise. But lecturer Hu Shigen, who took the lead in setting up a political party, the China Progressive Alliance, received a 20-year jail term. Why?

People in Hong Kong or the West might look upon a political party as a group of like-minded individuals getting together to express their point of view. But China is not a pluralistic society. It has no intention of allowing other parties to vie with the ruling Communist Party.

Establishing a rival party is viewed as a serious offence because it challenges the Communist Party's authority to rule. Hu was charged with "counterrevolutionary" crimes.

There are obvious reasons why challenges to the state will not be tolerated. These include the current uncertainty regarding the economy. The leadership is aware that rising unemployment and spiralling inflation could combine to destabilise the country.

Mainland officials are alarmed by the flow of migrant labour to urban areas. They are concerned about what will happen if tens of millions of farmers are unable to find jobs in the cities. They know from their own experience that it only takes one spark to start a big fire.

It was reported last week that the party is working on a rescue plan to prevent itself from disintegration in the post-Deng era.

Earlier this year Chinese President Jiang Zemin declared that "history shows that anything conducive to our national social stability is good". He also made it clear that the "resolute measures" used to quell the Beijing protests in 1989 were necessary to maintain that stability. More recently he has called for effective steps to control price rises.

This newspaper certainly does not endorse the draconian sentences imposed on the dissidents. We consider they were far too harsh. But the grim message from Beijing is that the authorities have no intention of easing up on the dissidents. They will keep hitting them hard.

Official Rejects Reports on Training of Cadres

HK1912105494 Beijing XINHUA Hong Kong Service in Chinese 0828 GMT 15 Dec 94

[FBIS Translated Text] Hong Kong, 15 Dec (XINHUA)—While attending the "Hong Kong Will Have a Bright Future" exhibition yesterday, Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, said that a report about the central government training an elite to work in Hong Kong is absolutely untrue.

In response to a reporter's question, Zhang Junsheng pointed out that the Chinese Government's policy toward Hong Kong is very clear. After resuming the exercise of sovereignty over Hong Kong, Hong Kong will be a special administrative region [SAR] directly under the central people's government. A high degree of autonomy and Hong Kong people ruling Hong Kong will be implemented in light of the "one country, two systems" policy. In other words, the Hong Kong SAR government will be composed of local people. This is clearly stated in the Basic Law. For instance, all existing public servants will continue to remain in office and only department-level officers will have to be nominated by the SAR chief executive and be appointed by the central people's government. This being the case, is it necessary for the mainland to train people who will work in the Hong Kong SAR Government? Zhang continued that the Basic Law also stipulates that the post of SAR chief executive must be assumed by a Chinese citizen who has resided in Hong Kong continuously for 20 years and who has right of abode. Department-level posts must be assumed by Chinese citizens [as received] who have resided in Hong Kong continuously for 15 years and who have right of abode. Hence, it is unlikely that the center would train such people who will work in the Hong Kong SAR government after 1997.

Zhang Junsheng said that the report was totally untrue and worries arising therefrom are uncalled for. Hong Kong's residents, including public servants, should set their minds at ease and shoulder their responsibility of exercising management over Hong Kong after 1997.

Affairs Advisers Begin Meeting in Hainan

HK1712073394 Hong Kong SOUTH CHINA MORNING POST in English 17 Dec 94 p 3

[By So Lai-fun in Sanya]

[FBIS Transcribed Text] On an island known as the "Hawaii of the Orient", a group of Hong Kong affairs advisers yesterday began discussions on matters appropriately described as having a scope as "broad as the sky and the sea". But shorts, straw hats and short-sleeved shirts were out yesterday and will be today when the advisers tour Hainan with Mr Lu and his aides at the Hong Kong and Macao Affairs Office.

In formal Western suits and ties, the 40 or so advisers began a three-day "keeping in touch" session with a closed door meeting with Zhou Nan, head of the Hong Kong branch of the New China News Agency (Xinhua). The advisers spoke on matters including education, stocks futures, Vietnamese emigrants and the civil service.

Tam Yiu-chung, an unionist and legislator, grumbled that the advisers' system was not open or effective enough. Ironic, considering that the meeting was taking place on a sub-tropical island two hours' flight from the territory. Mr Tam wanted a secretariat to be set up to organise such meetings better and issue bulletins for the exchange of views. The views should be published for public scrutiny, he said.

Mr Tam expressed concern about the setting up of a provisional legislature, saying he was concerned about the careers of staff at the secretariat of the present Legislative Council. His Legco colleague Allen Lee Peng-fei said Chinese officials, instead of counting on the Preliminary Working Committee, should establish formal contacts with senior civil servants who were puzzled about their future master's attitude to them.

Liberal Party colleague Steven Poon Kwok-lim urged China not to be bothered about the amount of government reserves but to cultivate a better understanding of Hong Kong's financial and monetary systems. The lack of a better understanding partly explained why Beijing was unable to come to a view on whether stocks futures should be allowed.

But it was not all business. Mr Zhou challenged reporters to a swimming contest today, telling them they did not have to worry as long as they could swim back to shore.

Hainan Forum on Hong Kong Continues

OW1712135694 Beijing XINHUA in English 1319 GMT 17 Dec 94

[FBIS Transcribed Text] Haikou, December 17 (XINHUA)—Specialists of Hong Kong affairs aired their views and offered proposals on the political, economic, and social affairs of Hong Kong at a forum held here in Sanya city of this island province of Hainan yesterday.

Sponsored by the Office of Hong Kong and Macao Affairs of the State Council and the Hong Kong Branch of the XINHUA NEWS AGENCY, the forum was attended by Hong Kong affair advisors and members of the Preliminary Working Committee(PWC) for the Preparatory Committee of the Hong Kong Special Administrative Region (SAR).

PWC deputy director Lu Ping and director of XINHUA's Hong Kong branch Zhou Nan, presided over the forum. In their speeches, the participating Hong Kong affair advisors called for measures to ensure the stability of the everyday life, economy, social order, and the morale of the civil servants of Hong Kong in the remaining two years.

They specially stressed the necessity to guard against "artificial factors" that would destabilize the economy in Hong Kong, especially the financial sector.

They held unanimously that political stability and economic development on the mainland constitute an important factor to maintaining prosperity and stability in Hong Kong.

All the advisors voiced their agreement to the proposal of establishing a provisional legislative council, which, they held, conform to the spirits of the Basic Law and is absolutely necessary in order to ensure establishment and normal operation of the SAR.

The participants all urged efforts to give much publicity to the Basic Law.

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